

CANADA

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THIRD SESSION—TWENTY-SECOND PARLIAMENT

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TO THE TWENTY-FIFTH DAY OF APRIL, 1956, INCLUSIVE

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EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

HOUSE OF COMMONS

Friday, March 16, 1956

The house met at eleven o'clock.

RAILWAYS AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SESSIONAL COMMITTEE

Mr. H. P. Cavers (Lincoln) presented the first report of the sessional committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

ISRAEL—APPROVAL OF PERMITS FOR ARMS SHIPMENTS

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I wish to make a short statement about arms shipments. In accord with the policy of the government to give consideration to all applications for arms shipments as they come forward, as I have stated in the house on more than one occasion is being done, yesterday the cabinet approved three such applications for Israel. Those applications were considered in the light of the tensions now existing in the Middle East, as I said they would be when they came before the cabinet, and it was felt that although the basic tensions remained there has been in the last few days some easing of the apprehensions that existed when Sir John Glubb was removed from control of the Arab legion and when there were being some clashes on lake Tiberias. There are now discussions going on as to how the United Nations might intervene effectively in the interest of facilitating a peaceful solution of the problem.

The first of the applications approved was for 1,754 units of 25-pounder ammunition which had been before the cabinet for some time and which has been referred to more than once in this house.

Two other applications were submitted to the cabinet yesterday for defence equipment for Israel and were approved with export permits being granted. One concerned a small order for electronic equipment valued at $1,200 consisting of 40 units for converting wireless sets from direct to alternating current. The other covers $136,361.59 worth of spare parts for Sherman M-IV tanks.

The history of this order is that in 1954 an export permit was granted for an order for Israel valued at $565,071.36 for tank parts without breech blocks or arms. This order has been referred to already on earlier occasions, on January 24 and January 26, by the Secretary of State for External Affairs (Mr. Pearson). Full delivery did not take place during the validity of this permit which expired on July 16, 1955. A new permit with a validity for six months only was approved on July 26, 1955, to cover the undelivered portion of the order originally placed in 1954. The second permit expired on January 26, 1956, with delivery still uncompleted.

Hon. members will remember that in the meantime there was a temporary suspension of all shipments to the Middle East which was imposed on January 20. Application was made on February 3 for a permit to cover the unshipped balance amounting in value to $136,361.59 and it was that application which was referred yesterday to the cabinet and approved.

[Later:]

MIDDLE EAST—INQUIRY AS TO PENDING APPLICATIONS FOR ARMS SHIPMENTS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the fact that the government has announced this morning a decision in regard to arms shipments, will the Prime Minister tell the house whether there are any other applications pending from any of the countries in the Middle East at this time and, if so, what countries and what applications they are?

Right Hon. L. S. St. Laurent (Prime Minister): There are two applications from the government of Israel which came before the cabinet yesterday and with respect to which decision was deferred. If and when a decision is made on those applications, an immediate announcement will be made to the house.

Mr. Drew: I wish to ask a supplementary question in regard to that. Has the government now adopted a policy of dealing with shipments of arms and military equipment by order in council?

Inquiries of the Ministry

Mr. St. Laurent (Quebec East): As I stated to the house, Mr. Speaker, whenever there appear to be political repercussions involved in an application, it is referred to the whole council for consideration.

Mr. Drew: Does that mean that it is political considerations that guide the government in determining how the decision will be made?

Mr. St. Laurent (Quebec East): It is the international political situation.

Mr. Drew: Then could we now take it that there is a policy under which the government will not ship arms or equipment unless the cabinet has decided and there is an order in council dealing with it?

Mr. St. Laurent (Quebec East): No, Mr. Speaker, there are no orders in council dealing with it, but there is consideration given by the cabinet to all those matters, and there is a minute of a decision when it is made by the cabinet.

Mr. G. R. Pearkes (Esquimalt-Saanich): May I ask a supplementary question? Does that policy apply to arms sold by the government as well as arms sold by private manufacturing concerns?

Mr. St. Laurent (Quebec East): With respect to arms that are sold from government supplies, under the Financial Administration Act they have to be released by the treasury board and the treasury board will refer to council generally any such matter that may appear to affect the international situation.

Mr. Knowles: Can the Prime Minister state what document it is that actually authorizes shipment? Is it the minute of the cabinet or is it the signature of the Minister of Trade and Commerce?

Mr. St. Laurent (Quebec East): It is the permit that is issued after a decision has been reached.

SAINT PATRICK'S DAY

MR. MCIVOR—GREETINGS TO MR. SPEAKER AND MEMBERS OF THE HOUSE

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I rise on a question of special privilege. We would like to extend to you greetings a day ahead of time and wish you a happy St. Patrick's day. We would also like to thank the Prime Minister (Mr. St. Laurent) for giving us a free St. Patrick's day without any parliamentary doings so we can celebrate without restriction to our hearts' content.

[Mr. Drew.]

FIRES

OTTAWA—INQUIRY AS TO INVESTIGATION AND PREVENTIVE MEASURES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Prime Minister. Will the federal government take the initiative in calling a special conference of federal, provincial and municipal representatives to consider what specific steps can be taken to reduce the shocking loss of life in this capital area, particularly of children, and to consider also what may be done in regard to the elimination of these substandard homes where so many of these fires occur?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, that is a matter within the jurisdiction of the provinces and their organs, the municipal corporations. We shall give, of course, and we have been giving, consideration to what the hon. gentleman rightly refers to as a shocking situation. We have all been, I think, very much disturbed by the news of these calamities which probably are a consequence of the fact that there are being installed in premises electrical equipment that overloads the capacity of the wiring, and so forth, and I think it is a matter that is deserving of serious consideration.

Mr. Coldwell: I would not have made the suggestion except for the fact that it seems to me the gravity of the situation warrants some unusual action. I know this is largely a provincial matter but, since this is the capital city and 39 lives were lost, action is required.

Mr. Speaker: Order.

GRAIN

BARLEY—INQUIRY AS TO VARIETY LICENSED AS "PARKLAND"

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Agriculture, arising out of the announcement that a new variety of barley known as "Parkland" has been licensed. Can the minister state whether any of this variety will be available for distribution this year and whether or not this variety is suitable for use in the various provinces?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member for Moose Mountain was kind enough to give me notice of his question. I wish to state that seed of "Parkland" barley, developed at the Brandon experimental farm, will not be available for general distribution for seeding this year. The

quantity of seed now in existence is about 4,000 bushels. It will be evident from this that a general distribution of that kind could not be made. This will be used for increase on experimental farms and under contract with registered seed growers. It is expected that general distribution will be made in time for seeding in 1957. After this year's production is known, details as to prices and procedure for obtaining supplies will be announced. "Parkland" barley is suitable for use in the three prairie provinces and is particularly well adapted to the black soil zones.

WHEAT—INQUIRY AS TO DATE OF FINAL PAYMENT ON 1954 CROP

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Is the minister yet in a position to say when the final payment will be made on the 1954 wheat crop and if it can be made in time to help the farmers finance their seeding operations?

Right Hon. C. D. Howe (Minister of Trade and Commerce): No, Mr. Speaker, I am not ready at the moment.

Mr. Argue: I wonder whether the minister can say when he anticipates he will be able to make an announcement?

Mr. Howe (Port Arthur): I do not know the date but I will promise to inform the house as soon as a decision has been reached.

WHEAT—REPORTED INCREASE IN PRICES FOR LOW GRADES

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Trade and Commerce. Can the minister state whether or not any consideration has been given by the Canadian wheat board to increasing the price of low-grade wheat since it has been announced that demand has exceeded available supply?

An hon. Member: Demand?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Prices have been increased recently, Mr. Speaker.

NATIONAL DEFENCE

INQUIRY AS TO PRECAUTIONS RESPECTING RUSSIAN POLAR EXPEDITIONS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Minister of National Defence or, in his absence, to his parliamentary assistant. In view of the reports of Russian scientific activities among the Arctic islands, are any precautions being taken or can the minister or his parliamentary assistant tell us whether or not these Russian polar expeditions are entering Canadian waters among the Arctic islands?

Mr. P. T. Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, I do not think I should be expected to answer that question.

Mr. Nesbitt: Do I take it from the answer of the parliamentary assistant to the Minister of National Defence that he will take my question as notice or that there will be no answer?

Mr. Hellyer: I do not think I should be expected to answer the question.

Mr. Fulton: Mr. Speaker, we are entitled to know from the parliamentary assistant, despite the lack of training he appears to be receiving, whether he intends to bring the question to the attention of the minister—

Some hon. Members: Order.

Mr. Fulton: —so that the minister may decide and look into the matter and be in a position to give an answer to the house.

Mr. Hellyer: I will be pleased to bring it to the attention of the minister. I believe the white paper will be brought down in due course which will outline defence policy, and when the department's estimates are before the house members can go into these matters just as thoroughly as security precautions will permit.

Mr. Nesbitt: Possibly I might redirect the same question to the Secretary of State for External Affairs.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am wholeheartedly in accord with the answer just given by the parliamentary assistant to the Minister of National Defence.

MINTO ARMOURIES, WINNIPEG—INQUIRY AS TO RECONSTRUCTION

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): I should like to direct a question to the parliamentary assistant to the Minister of National Defence. Is he prepared to answer the question of which I gave notice to the minister the other day asking the minister if he would give a statement to the house concerning the fire which occurred at Minto armouries in Winnipeg during the month of January, at which time he said he did not have a report ready? Second, have plans been

made to rebuild Minto armouries or is consideration being given to vacating the present site and build an armoury elsewhere in the greater Winnipeg area?

Mr. P. T. Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, army headquarters has received the report of the board of officers inquiring into the fire at the Minto armoury on January 22 last.

The fire was apparently caused by an unextinguished cigarette or other smoker's ash which ignited a chesterfield in the sergeant's mess. The preliminary estimate of the cost of restoring the building to its original condition is $470,000; the loss of public stores and equipment is estimated at $50,000; but no estimate has yet been made of the loss of non-public stores and equipment.

The present intention is to restore the armoury to full use. A civilian consultant firm in Winnipeg has been engaged to report on the extent of the work required for this purpose. It will, however, be some time before this report is received and final arrangements made.

Mr. Churchill: May I ask a further question of the parliamentary assistant? Is he now prepared to give a report to the house with regard to the accident that occurred to four R.C.A.F. planes in Europe about two weeks ago?

Mr. Hellyer: I am not prepared to make a report. The air force officials have received a report which indicated that this extremely unfortunate accident took place during aerobatic practice. There is little that I can add to what has already been made public on the subject.

AIR TRANSPORT

REPORTED BANNING OF JET AIRCRAFT FROM SPACE USED BY ORDINARY AIR TRAFFIC

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a question to the Minister of Transport. Can the minister inform the house whether jet aircraft on speed runs have been banned from the air space used by regular traffic as reported in the press yesterday?

Hon. George C. Marler (Minister of Transport): I shall take my hon. friend's question as notice and give him an answer when I am in a position to do so.

[Mr. Churchill.]

TRANSPORT

FERRY "BLUENOSE"—INQUIRY AS TO RESUMPTION OF SERVICE

On the orders of the day:

Mr. G. C. Nowlan (Digby-Annapolis-Kings): I should like to direct a question to the Minister of Transport. Can he tell the house whether the *Bluenose* is in operation?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the hon. member for Shelburne-Yarmouth-Clare and the hon. member for Digby-Annapolis-Kings, representing six counties in all, have, I know, a great interest in the subject of the *Bluenose*. I can merely say what I said to the hon. gentleman the other day, that as soon as I am in a position to make a statement with respect to when operations are to be resumed I shall make it.

An hon. Member: Who knows?

BUSINESS OF THE HOUSE

PROCEDURE IN ASKING QUESTIONS ON ORDERS OF THE DAY

On the orders of the day:

Mr. Speaker: Are there any other questions? If not, may I say this. I want hon. members to be quite at ease. I am not relating any remarks I am going to make now to any of the hon. members who have asked questions today. I am speaking generally.

I want to tell hon. members that I think that between their conception of what should be asked at question time and mine there is now such a wide difference that I am afraid we are not pulling in the same direction. I think it is well for me to establish the position which I consider is the one which is now in force. I will not quote all these citations but I will refer hon. members to the following ones in Beauchesne's third edition: 137, 140, 295, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310 and 311; also to Bourinot's fourth edition, pages 310 to 315. I know that hon. members will read those quotations at the first opportunity and will govern themselves accordingly. But for the purpose of my argument today I should like hon. members to bear with me when I read citation 140 which is as follows:

140. A question which could be inserted on the order paper is not allowed on the orders of the day being called.

Then citation 297:

297. A certain number of oral questions are permitted in practice by members, without notice, before the orders of the day are called; but these are merely allowed by courtesy in connection with the business of the house or with very urgent and important matters of public concern. They are

always brief, no debate being permitted, and the replies are as concise as possible. The minister interrogated may reply at once or may direct that the usual notice be given. Such questions are governed by the same rules of order as questions of which notice has been given.

In other words, if a question could not be inserted on the order paper, a member cannot ask it before the orders of the day are called.

Then citation 303 reads:

Questions addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament, or to any matter of administration for which the minister is responsible. Within these lines an explanation can be sought regarding the intentions of the government, but not an expression of opinion upon matters of policy.

It is not in order to ask merely whether certain statements made in a newspaper, are true; but attention may be drawn to such statements, if the member, who puts the question, makes himself responsible for their accuracy.

In so far as those last two lines are concerned—"if the member, who puts the question, makes himself responsible for their accuracy"—I confess I do not know what that means. If a member makes himself responsible and it happens the statement is not accurate, what can happen? In my view, that part is meaningless.

Then citation 307 reads:

A minister may decline to answer a question without stating the reason for his refusal, and insistence on an answer is out of order, no debate being allowed. A refusal to answer cannot be raised as a question of privilege, nor is it regular to comment upon such refusal. A member can put a question, but has no right to insist upon an answer.

An answer to a question cannot be insisted upon, if the answer be refused by the minister on the ground of the public interest; nor can the question be replaced on the notice paper. The refusal of a minister to answer on this ground cannot be raised as a matter of privilege.

Now, I said that these were the basic rules. I have dug into the various statements and discussions that have taken place, on points of order regarding these rules, which appear in *Hansard*, and I should like to refer hon. members to them. I will not read these excerpts but I should like hon. members to read the discussion between the Hon. Mr. King and the Hon. Mr. Bennett in 1937, which appears in *Hansard*, of February 1, pages 422-424; another intervention on January 29, pages 258-259 of volume 1, 1939; another one in 1940, volume 2, July 12, pages 1569-1571; volume 2, July 15, 1940, pages 1596-1597; *Journals*, July 15, 1940, pages 216-218; another one on March 12, 1942, page 1243; volume 2, March 19, 1942, page 1441; a statement by Mr. Speaker Glen which appears in *Journals* of March 15, 1943, pages 160-161; another statement in the same year, *Hansard* for May 28, volume 4, page 3126; then again on June 10 of the same year, pages 3494-3496; then on January 16, 1944, pages 547-549; another on July 25, 1946, pages 3831-3834; again in 1947, February 24, pages 701-702; volume 1, March 5, 1930, page 293; a statement by Mr. Speaker Macdonald on May 29, 1951, page 427 of *Journals*. I will simply quote this last one.

There is another matter to which I think reference should be made at this time. It is with respect to the procedure regarding the asking of questions. I would refer hon. members to standing order No. 44 which is now our standing order 39. This standing order provides for the placing of questions on the order paper, which is the usual procedure, and should be followed whenever possible.

It has nevertheless been the practice in our house to allow a certain number of oral questions and it is not my purpose to discourage members from asking questions of the proper type as I feel that these questions create a more lively interest in the business of the house.

These oral questions are asked when the orders of the day are called and are frequently asked without notice. I would, however, emphasize that these oral questions should be asked only in connection with very urgent and important matters of public concern and only if it would not be in the public interest to place them on the order paper and receive answers in accordance with the method provided for in the standing orders. They should always be brief. No debate is permitted and the replies should be as concise as possible. The questions should not be prefaced by the reading of letters, telegrams, newspaper extracts or preambles of any kind.

He concluded by asking for the co-operation of hon. members in the observance of these rules. Now, if I were to tell hon. members that not long ago supplementary questions were considered to be prohibited, many hon. members would ask me, "What is the basis for saying that?" Mind you, during the war, in 1943, in a time of emergency and when questions were considered to be of great importance, Mr. Speaker Glen, in discussing a question—which incidentally had been asked by the hon. member for Winnipeg North Centre (Mr. Knowles), so he will remember it—said:

That is hardly a question that can be asked on the orders of the day and certainly it should not be put. I must point out further that a practice is coming into vogue in the house of putting supplementary questions to elicit answers in addition to those given by ministers. If the rules permitted it, that would be entirely proper; but the rules do not permit of supplementary questions being asked. I have allowed a number of these questions where explanations or statements by ministers might reasonably be requested, in circumstances where the minister would no doubt wish to have his remarks made as clear as possible. But I must point out that the rule is as I have stated.

This was in 1943. I would say about half of the membership of this house was in that parliament of 1943. My arithmetic may not be very good but there is a substantial number of hon. members here today who were in the parliament of 1943. I hope that hon. members will read carefully all the

citations I have given and I feel confident that they will do so knowing their interest in the matter. They will see that not only has it been the opinion of prime ministers but also of leaders of the opposition when they have occupied one side or the other during their careers, that questions before the orders of the day are called should be limited to questions of an urgent and important character and should be asked on the orders of the day only if they could not be placed on the order paper without some prejudice being suffered.

I said earlier that hon. members are moving in a direction which is contrary to that which I understand to be the right one because as hon. members know the rules are not being changed by the Speaker. If hon. members wish that the rules be changed there is a proper method to be adopted and that is to have a committee on rules, have the matter decided and have a report made to the house. Were I to receive such a report I can assure you that I would try to interpret the new rules as faithfully as I could. As it is, hon. members are trying to move in the direction of having a question period which is almost similar to that which exists in the United Kingdom without adopting the proper safeguards and without giving more authority to the Speaker to intervene whenever he feels that a question is not in order and also without adopting the method of giving notice which is in vogue in the United Kingdom.

As hon. members know in the United Kingdom there is no such thing as a question without notice. They have a question with two days' notice which is written and the answer may be either oral or written, and arising out of oral questions hon. members may put supplementary questions and it is at the discretion of the Speaker to decide what could be done with the number of supplementary questions. There is also a type of question which is known as a private notice question which is not allowed unless it is authorized by the Speaker and unless, after it has been authorized by the Speaker, notice is given to the minister who is called upon to answer, and even after this procedure has been followed with respect to an urgent question, the minister can still ask for two days' notice after private notice has been given.

Here we have these oral questions which, if I may say so, are sometimes not asked in order to obtain information but are meant to check the day to day operations of the government. According to our rules that type of question should not be asked.

Perhaps the one who has most thoroughly looked into our system of rules and who is thoroughly acquainted with the United Kingdom system is Mr. Harry W. Walker, research worker at the Institute of Local Government, Queen's University, Canada, who wrote an article in "Parliamentary Affairs" at the request of the Hansard Society, at page 461 under the heading, "Question Time in Canada" in which he said:

> A specific example of a procedural device that has been developed from British practice, yet differs radically from current Westminster usage, is the question period in the Canadian House of Commons.

Then later, talking about oral questions before the orders of the day, he said:

> . . . the other is sanctioned solely by custom and usage and probably would be disallowed if attempted at Westminster.

Further down he said:

> The rules governing the kinds of questions that can be asked are the same for both procedures, except that questions asked before the orders of the day are called must refer to "very urgent and important matters of public concern". The definition of "urgent" questions depends upon the ruling of Mr. Speaker. Government ministers claim that too broad an interpretation of urgency is allowed by the Speaker. On the other hand, private members in opposition party ranks complain that too strict a meaning is attached to the adjective "urgent".

Then later he said:

> In Canada, the complexity of the question procedure and its lack of definitiveness usually results in an annual altercation on the floor of the house.

And hon. members are witnesses to that. Then he says:

> Habitually, Mr. Speaker makes a short statement—

I apologize for making mine so long.

> —during the early stages of the parliamentary session to remind the members of the differences between the two procedures to be outlined below. The Speaker tries to discourage the use of too many questions being asked "on the orders of the day being called".

Mr. Walker wrote this in 1951.

> Two general rules for both procedures are that all questions must seek information and there shall be no debate on the answer given. The applicable standing order and a whole line of Speakers' rulings have tended to institutionalize this mild bit of sophisticated hypocrisy inherent in the first rule. It is patent that the main reason for the asking of questions is not pure scientific or academic interest. The truth is that members want to embarrass the government ministers by making the latter reveal, in their answers, governmental ineptitude, mismanagement, and corruption —in short, to put the government party on trial.

As a matter of fact some questions are not designed to seek information from the government but are designed, as one hon. member recently pointed out to me, to "get at the government". On page 464 he refers to supplementary questions concerning which he says they are "taboo" and have been discouraged by a whole line of Speakers'

rulings. If he were to come back today I think he would have to correct what he said in 1951, regarding supplementary questions because they are now being asked. He concludes this article by saying:

> No doubt as demands made upon the national government for further intervention into economic and social realms increase, there will be a tendency to place more emphasis on the value of the question time procedural technique as a weapon both to embarrass the government and to maintain watch and ward over the political executive and civil service.

The tendency which he foresaw has certainly existed. I want to tell hon. members that the tendency is being accentuated to the point where we are pulling in two different directions. I have my rules of Beauchesne and Bourinot which hon. members expect me to enforce and yet hon. members are pulling in the direction of the practice which exists in the United Kingdom under different rules. Hon. members should not be surprised if I frequently intervene—perhaps in their view unduly but in my view quite rightly—and if I appear in my interventions to be quite drastic but by virtue of the rules I am supposed to enforce I can assure hon. members that I have been so lenient since I have been in office in relation to those rules that I should not be asking hon. members today for anything but their forgiveness.

An hon. Member: Granted.

Mr. Speaker: Having said that, I simply express the hope that hon. members will look into this problem themselves because I think a problem does exist and the Speaker is put in an impossible position. In view of the situation which has existed some hon. members who have been elected in recent years feel that the practice as it exists today is the right one. They feel that the Speaker is completely off the track when he intervenes on some occasions, and perhaps quite rightly, with the result that we get what I read in this morning's Montreal *Gazette* where this headline appears, "Speaker Blocks PC Query". I am not blocking P.C. or C.C.F. or Liberal queries. I block a question when it is out of order. In this article there is the implication that I intervene unduly. I am not dealing with the point which was raised yesterday concerning the question of the hon. member for Prince Albert (Mr. Diefenbaker) because he is not here today. In any event *Hansard* speaks for itself.

I ask hon. members to judge the situation and ask themselves if it is a fair position in which to put their Speaker. That is what I ask them. I have no objection if hon. members want to go in a certain direction, but they cannot expect me to give them my blessing with the rules that I have to follow. If they want to change them I suggest that they know what procedure to take.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the explanation which has been given will the Prime Minister consider setting up a committee on rules as soon as possible so that the problem may be considered?

Right Hon. L. S. St. Laurent (Prime Minister): There was a committee on rules that sat for quite—

Mr. Knowles: Ten years.

Mr. St. Laurent (Quebec East): —a long period and which made recommendations that were approved by the house as recently as last year. I would suggest that we try to conform with those rules as closely as we can. If we find that they are too restrictive no doubt there will be discussions among hon. members as to the advisability of having a committee set up to consider them. The government will place no obstacles in the way of hon. members because it is not the government that determines what should be the rules of the house, it is the membership of the house itself.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder if I might make a suggestion.

An hon. Member: A supplementary question.

Mr. Knowles: My suggestion arises out of the remarks made by Your Honour. First of all, may I say that I am glad you have raised what might be called a question of privilege on your own behalf. Whatever we may think of your administration of the rules I do not think the press should picture you as an ogre trying to prevent parliament from carrying on with its business.

However, my suggestion is that those who study this matter by reading the citations and references which you have indicated might also read what Sir Edward Fellowes, K.C.B., C.M.G., M.C., Clerk of the House of Commons at Westminster, has said on the matter of questions. His statement is recorded in a summary of the proceedings of the fourth parliamentary course held at Westminster in May, 1955. These proceedings are contained in a mimeographed document which has been made available to all members of this house who are members of the Commonwealth Parliamentary Association. I shall not take time to read it all, but perhaps I would be permitted to read one or two sentences since Your Honour has already indicated publicly what I said to you privately yesterday.

Sir Edward Fellowes says that questions, although "ostensibly for obtaining information and asking for action, were really a way of 'getting at' the government". Dealing with supplementary questions Sir Edward said:

> It was by this means that the private members could criticize the government on matters of administrative action and on points of policy which seemed to them unsatisfactory.

I felt it was only fair that this side of the picture should also be on the record today. I am sure we all agree with you that the whole point might be given further study.

Mr. Speaker: With regard to that conception of the use of questions as a means of getting at the government, I think in fairness hon. members should also read "A Question in Parliament", which also appeared in "Papers on Parliament", published by the Hansard Society in 1949. This was prepared by a gentleman who had been 20 years in the parliament of the United Kingdom, sitting on both sides of the house, Sir Herbert Williams, M.Sc., M.Eng., A.M.I.C.E. He said:

> Quite obviously it would be grossly unfair to expect a minister to answer any one of many thousands of questions affecting his department unless he has notice of it.

And then later:

> In order, therefore, that a minister should be in a position to answer questions he must have notice, and the procedure of the House of Commons provided, in the ordinary way, that he was to have a clear twenty-four hours' notice.

In 1946, on a motion by the Right Hon. Herbert Morrison, the time of notice was increased from one day to two days. If notice is given it would be in accordance with the system in the United Kingdom, but I repeat, and these are my last words, if I were to enforce the rules rigidly as they are and thus gain for myself the reputation of being tough I am sometimes given, if I were to be rigid in my interpretation of the rules, I would cut off supplementary questions, I would cut off all questions on policy, I would cut off all questions containing argumentative material. When questions start with "Is the minister aware?" or "Will the minister take action to the end or in order that, etc?" those are all argumentative questions containing debatable matters and should be disallowed.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF TRANSPORT

A—Department—
435. Departmental administration, $1,777,100.

The Chairman: Hon. members will find this item on page 69 of the book of estimates, with the details commencing on page 532.

[Mr. Knowles.]

Hon. George C. Marler (Minister of Transport): Mr. Chairman, following a practice of my predecessor I intend first to comment briefly on the proposed expenditures by my department according to the standard objects of those expenditures and then to mention some projects of current interest.

The total estimated expenditures for my department, air transport board, board of transport commissioners, Canadian maritime commission and national harbours board are $142,667,112, an increase of $2,524,391 as compared with 1955-56. The total for my department—excluding the boards and commissions—to which I have just referred, is $120,564,250, which represents a decrease of $776,348. However, this decrease is more than offset by an increase of $4 million in the provision for the railway grade crossing fund.

Under object 1, which covers civil salaries and wages, we have a total expenditure of $38,451,981, which is an increase of $2,100,083, or 6 per cent. This represents 550 additional positions, of which 498 are for the air services branch. Of the number I have just mentioned, 498, 80 are required to staff the marine radio stations formerly manned by the Canadian Marconi Company, and 206 are accounted for by major expansions in our air traffic control operations. A general expansion in the meteorological division to keep abreast of current demands will account for another 75 positions. The remainder are required to meet the normal growth of aviation, telecommunications and marine supply and to discharge our new responsibilities in the north.

The increase in object 2, Civilian Allowances, of $117,456, or seven per cent, is attributable to an increase in salaries, and relates directly to northern, isolation and other special types of allowances.

Object 4, Professional and Special Services, is increased by $206,700 or 17 per cent. Of this amount $90,000 is for stevedoring costs in connection with our northern supply work and $25,000 has been included to enable us to develop the possibility of operating one of the important northern airfields on a contract basis. I do not propose to comment on Travelling and Removal Expenses as I dealt with these last year, and the amount required this year is not materially changed.

Freight, Express and Cartage, object 6, is increased by $88,905, or 13 per cent, in connection with our northern supply work. The sum of $33,000 is attributable to additional costs for transportation of fuel oil and other materials to our station at Cambridge Bay and to the new radio range at Lac Eon, and $11,000 to additional supply costs at Fort Chimo, due to increasing activity in that area.

Telephone, Telegram and Communication Services, object 8, are increased by $337,793 to a total of $3,446,271. This is a substantial sum, but, only a small portion of it is spent for such normal communications costs as telephone calls and telegrams. More than 90 per cent of the total is for the direct leasing of telephone and teletype circuits in connection with air traffic control and meteorological services. Of this year's increase almost $220,000 is for additional wire leases for air traffic control and $60,000 for similar leases in connection with radio aids for flying. The actual amount spent on telephone calls and telegrams will not be substantially different from last year.

Publication of departmental reports and other material, object 9, is a small item and the increase of $7,300 is attributable mainly to the biennial list of shipping, which is to be published next year. The small increase in advertising is explained by the publication of calls for tender, notices of expropriation and aviation notices.

Our purchases of Materials and Supplies under object 12 are down by $188,480 to a total of $6,753,884. We have been able to achieve a number of small reductions but the change results mainly from a saving on materials and supplies for airway and airport operation made possible by various economies, including the use of contract services for certain operations.

Object 13, Construction or Acquisition of Building and Works including land, shows a reduction of $2,500,000, or seven per cent, to a total of $32,418,000. This is attributable to the Canso causeway, which is now virtually completed. In our other fields of construction, small increases under one head offset small decreases under other heads. I shall mention later some specific projects.

Object 14 deals with the Repairs and Upkeep of buildings, and here there is an increase of $219,945. Almost half of this increase is due to our providing for certain maintenance dredging in the St. Lawrence ship channel, and the remainder largely to the increased cost of repair of airport facilities and radio aids to navigation.

Our requirements for Construction or Acquisition of Equipment, object 16, are less by almost 20 per cent because of the completion of work on the two large auto ferries and the approaching completion of the two Newfoundland coastal vessels. These changes more than offset the increase of $450,000 in the provision for construction of departmental vessels.

Object 17, Repairs and Upkeep of Equipment, is up $229,966 or nine per cent. Most of this increase is explained by an increase in the provision for repairs either to our departmental steamers, due to increasing work and increasing obsolescence, or to airport equipment.

Our requirements for Rental of Equipment, object 18, are increased by $56,562 because of the increase in cost of chartering ships for our marine supply work in the Arctic, the provision for the work last year having proved to be insufficient.

The change in the cost of Municipal or Public Utility Services, object 19, largely the purchase of electric power, results from the growing activity of the department, although there are increases for the new transmitter at Goose, certain northern stations for weather services, and increased power costs at such points as Fort St. John and Norman Wells.

The twentieth object of expenditure, contributions, grants and subsidies, is increased by about 19 per cent to a total of $16,158,353. This increase is largely due to the provision for the payments to the Canadian National Railways on account of construction of the Chibougamau branch line, and to an increase of almost $1 million in the payments we expect to make under the Maritime Freight Rates Act.

The remaining objects of expenditure, covering pensions and other general items, do not, I believe, require comment, except to say that under object 33, Deficits of Government-Owned Enterprises, there is an increase of $835,750. Though we expect smaller deficits next year on the Hudson Bay Railway and in the operation of the Prince Edward Island ferry, there will be a substantial increase to provide for the ferry service to Newfoundland.

Item 34 covers Estimated Savings and Recoverable Items which are offset against our expenditures. These include a number of miscellaneous expenditures recoverable from other departments for services operated for them. For example, meteorological services provided specifically and solely for the Department of National Defence represent a recoverable item of over $1,800,000. The total of such items will be $6,159,649, an increase of almost $2¼ million.

I think it would be of some interest to hon. members if I were to refer to some of the more important projects of my department at the present time.

The operations of our canals division will continue at about the same level of expenditure as in past years at just over $6¼ million. Because of the work in connection with the seaway, we are making arrangements for two-way navigation this year in the 14-foot

canal near Iroquois on the St. Lawrence. This, admittedly, will give rise to problems as to the handling and control of traffic, but we believe it possible to provide for the satisfactory movement of traffic. So far as canal construction is concerned, departmental expenditures will be reduced by over $1 million because of the completion of certain projects, among which are included the rehabilitation of the St. Peters canal, the providing for two-way navigation near Iroquois, to which I have just referred, and certain larger items on the Welland, Sault and Trent canals.

Turning to marine matters, we have a new program for aids to navigation on the Mackenzie river in order to develop it further as an important water route to the western Arctic. We propose also to carry out some important rehabilitation work at our marine agency at Halifax, and we have plans in hand for the construction of a new marine agency and depot at Saint John, New Brunswick.

Our work in connection with marine supply and patrol in the Arctic increases each year. My officials played an important part in the development of plans for resupply of defence installations in the western Arctic and are at present engaged in studies in relation to the eastern Arctic. We continue to provide and co-ordinate the movement of government sea supply to the eastern Arctic and to send ships north for this purpose. We have been requested to provide a departmental vessel to assist in the special supply and convoy work next summer in connection with the D.E.W. line in this area. These developments account largely for the increase of $325,000 in the vote for steamers' operations.

We have also had a substantial increase in requests for special icebreaking assistance in the St. Lawrence river and gulf and in adjacent maritime areas, including Newfoundland. We have done our best to meet these widely varying requirements, although we are not equipped with enough icebreakers to be able to meet all requests. We have under construction a new medium-sized icebreaker for use in the river St. Lawrence and we expect to start the construction this spring of a similar vessel which will probably be based in Newfoundland and will serve as a marine agency supply vessel there.

We have also completed plans for a shipbuilding program that will give us, over the next four years, a more modern and up-to-date fleet of icebreakers and marine agency supply vessels. For a number of years we have been attempting to carry out an extensive program of icebreaking, northern supply work, provision and supply of aids to navigation, including lighthouses and buoys, and marine agency work generally, and we have been handicapped in our work by not having enough ships suitable for working in ice and by the fact that a number of our agency vessels are old and obsolete and in many cases were originally built for other purposes.

Because of the important responsibilities in respect of shipping that rests upon it, I believe that the department is justified in having a proper and up-to-date fleet. We plan to replace from 12 to 15 of our oldest and most unsatisfactory departmental vessels, and to add certain new vessels primarily for icebreaking purposes. We shall complete this year smaller marine agency vessels for the Victoria and Quebec agencies, a small icebreaker for work in the St. Lawrence river to replace the *Lady Grey*, and a new lightship for the Sambro station. In addition, we expect to start construction on a new supply vessel for the great lakes, a new, large icebreaker for northern work, and a vessel for St. John's, Newfoundland, that will be able to combine icebreaking and agency supply work. The last mentioned vessel is the one I referred to a little earlier in my remarks. Plans for the other replacements, which will be commenced in subsequent years, are at present under preparation.

I should add that where feasible all new vessels will be strengthened for work in ice and will, if large enough, be provided with helicopter decks that can be used as bases for helicopter operations in the event of emergency. It has now been clearly demonstrated by our experience in helicopter use on our Arctic supply missions, and by our experience this winter in keeping a helicopter on the *d'Iberville*, that our icebreakers should have a helicopter permanently stationed on them, as this makes possible a much more efficient and economic work program.

As part of a four year program we are calling tenders this year for a new dredging contract to continue the gradual improvement of the navigation channel in the St. Lawrence river from Montreal to below Quebec, by widening and straightening the channel. As a start, a sum of $3,282,000 is provided for the work we hope to carry out in 1956-57.

In the matter of steamship inspection, we have been actively considering the technical regulations applicable to fishing boats, and after lengthy consultations with the industry have developed regulations for fishing craft under 80 feet in length and are at present engaged in consultations with the industry regarding fishing craft over 80 feet in length. Out steamship inspection expenditures will not vary materially, although we are estimating a slight reduction.

In the field of telecommunications, we are continuing a steady and gradual expansion to meet the growing requirements of our country for these services. The vote for the telecommunications division is increased by $811,000 to a total of $17,164,000. The increase is largely with respect to operations. The first section of our transcontinental VOR airway system, from Windsor to Montreal, has been placed in operation. The second section from Toronto to Winnipeg is at present under development. Orders have been placed for equipment to cover the balance of the transcontinental system. We have also ordered for very early delivery four short-range radar sets for air traffic control at four major airports, pending delivery of a larger number of long-range radar sets, which we have ordered to provide transcontinental radar coverage on our airways for traffic control. Our work in telecommunications in the far north is also expanding rapidly as civil and military activities there give rise to the need of new communication facilities. The expected growth of intercontinental flying over northern polar routes, that has already started and seems likely to increase, adds materially to our responsibilities in this field.

So far as the administration of the Radio Act and the regulations made under the act are concerned, we are providing for a small increase in expenditure, but we do not have a sufficient staff to enable us to keep fully abreast in the field investigation of complaints regarding radio interference. We have found it difficult to recruit trained personnel for telecommunications work and are returning to the practice of providing special assistance in training personnel for our own requirements.

In the field of meteorological services, I reported last year that our meteorological staff was opening an additional major station at Banks island in the western Arctic. We hope to complete this year the construction in the Foxe basin area of another new station. When this station is established we will, we believe, have provided about as many major observation posts in the Canadian Arctic as ought reasonably to be expected for the present. We are, however, developing a plan by which the Canadian meteorological services will provide the extensive and specialized weather information that is necessary for the operation of the defence lines in northern Canada, both the D.E.W. line and the mid-Canada line. Our expenditures of $9,112,000 represent an increase of $695,000, which is attributable entirely to operations.

In the field of aviation, the rapid growth of flying, both civil and military, continues. Because I do not wish to detain hon. members unduly I shall not give a full description of what has been done in the past year in the way of airport and airway development, air traffic control, construction of physical facilities and installation of technical equipment. I shall merely mention the fact that we are now well advanced in our program of providing new terminal buildings at the important Canadian airports. Those of Saskatoon and Seven Islands have been completed, while new terminal buildings at Montreal, Quebec, Gander and Windsor are under construction. A start will be made in the course of the present year at Ottawa, Torbay, Regina, Stephenville and Vancouver. A temporary addition to terminal facilities is being made at Toronto and planning in connection with completely new major buildings for Toronto and Winnipeg is also in hand, although it is not intended to commence building operations in 1956. The new airport for Halifax is under construction and planning is under way for new airports for Edmonton and Prince Rupert, though construction is not likely to start before 1957. Our estimates on civil aviation construction are down $1,261,000 to a total of $15,453,000. We believe that under present conditions and with our somewhat limited staff we cannot at this time plan to carry out a more extensive program.

In the field of regulation, in order to cope better with the growing problems of airway control, we shall be doubling our present air traffic control staff, which will increase our expenditures by some $762,000, and we have opened our own traffic control schools at Winnipeg and Toronto where we are training personnel.

We have also taken other steps—in the matter of technical regulation—to promote the maximum degree of safety in the air. We still have under consideration a proposal to set aside certain altitudes on our airways which at all times, and even under good weather conditions, would be used only by aircraft, whose movements would be subject to complete traffic control. As is to be expected, some groups, particularly light plane owners, fear that they may not be able to achieve the higher standards of competency necessary to fly at these altitudes. We think that the difficulties have been somewhat exaggerated, because light aircraft do not normally use these altitudes; and though we are not indifferent to the rights of operators of light aircraft we think that we must give a high priority to all factors affecting the safety of large aircraft which carry a substantial number of passengers.

The national harbours board will be continuing its improvements in our major harbours. Heavy expenditures at Churchill will

not be repeated in 1956-57, as the extension of the grain elevator there has been finished; and expenditures at Saint John will also be somewhat lower, although they will still amount to about $845,000. Expenditures of almost $2 million at Halifax are provided for and include a sum of $1,285,000 for the continuation of a new deep-sea pier which, complete with sheds, will cost about $2,500,000. When the volume of traffic warrants it, this new pier can be doubled in length, and additional sheds constructed upon it.

In Montreal the board will continue the works that I referred to last year, namely the extension of two wharves, the raising of the level of the Sutherland pier by 14 feet, the building of a new transit shed, the extension of another transit shed and the carrying out of work on the grain conveyor gallery. The board's expenditures in the coming fiscal year on these works are expected to amount to $5,200,000. The second stage in the board's program of works calls for expenditures this year of $6,146,500 for a certain number of new projects. These consist of:

1. The building of wharves and piers, including the construction of a new grain jetty serving elevators Nos. 1 and 2 for the unloading of the large lake vessels, the raising of the Laurier pier, and the extending of certain oil wharves.

2. Dredging the ship channel in the upper part of the harbour and the approach channels to certain of the oil wharves.

3. Provision of grain receiving facilities from the proposed new jetty to serve elevators Nos. 1 and 2, and changes to grain galleries to serve elevators "B" and 1 and 2, as part of the work to be done to provide for rapid unloading of large lake vessels.

4. Certain miscellaneous items including improvements to the cold storage plant and other facilities of the harbour.

The work of providing an extra lane for highway traffic on the Jacques Cartier bridge, for which provision was made in last year's estimates, was delayed by a shortage of steel. I understand that it is expected that the work will be finished by the end of May, but it is necessary to revote $440,000 for this purpose. The estimates for the coming fiscal year also include a provision of $950,000 for the alterations to the southern approach of the bridge which will be necessary partly because of the raising of the bridge in connection with the seaway and partly in order to speed up the flow of traffic.

The total of these expenditures will be $12,736,500 of which $1,390,000 will be supplied from the board's funds, and $11,346,500 is to be appropriated by way of advances to the board.

[Mr. Marler.]

At Quebec capital expenditures this year will be increased to $1,687,000. In addition, the harbours board have under development a plan for new facilities at Quebec. These will include accommodation for lakers, and new facilities for grain unloading and storage, including an elevator capable of storing an additional two million bushels. The total cost of this program, which will be initiated in 1957, will be over $5 million.

I am sorry, Mr. Chairman, that my remarks have been so tedious and have contained so many references to figures. However, it seems to me that it is perhaps desirable that we should have on the record a comparison of the expenditures by objects so that hon. members may see what is taking place in the estimates for this year. I hope that hon. members opposite will find that the credits that my department need for the approaching year are very modest, and that they will pass them with great rapidity.

Mr. Green: Mr. Chairman, I am sure we are all grateful to the Minister of Transport for giving us this comprehensive statement today. It will be helpful in the study of his estimates. I should very much like to meet his final request. However, I am afraid he is asking too much and that we shall be obliged to have him run the gauntlet for at least a time in connection with these estimates.

Today I should like to place before him certain matters which he either did not touch at all or just barely touched. I suppose it is to be expected that the opposition would concentrate on items coming in that particular category. First, I would suggest that, in the future, steps be taken to make the annual report of the department available before the estimates are brought up for discussion. I realize that the minister tabled his report in typewritten form, I believe, some weeks ago; but unfortunately the printed report has not yet been distributed. The result is that we enter upon the discussion of these estimates without having had the opportunity to review the report of the department itself. It should be remembered that, even when they are tabled, these reports are generally a year or more out of date. The last report I have of the Department of Transport is for the year which ended March 31, 1954. That is practically two years ago. Somewhere in the way the government does business there is a grave defect in that these annual reports are not made available at an earlier date.

Then the minister said nothing about the commission which have been considering the question of coastal shipping. I understand that they have concluded their public sittings and are presumably now working on a report.

When the minister replies to the various questions that are asked of him, I hope he will tell the committee when it is expected that that report will be available and also whether the government anticipates bringing in during the present session any legislation as a result of the recommendations that are made by the commissioners.

With regard to the estimates themselves, it would be inappropriate at this stage for me to go into items in any detail. The minister has explained the figures that appear in the summary of standard objects, and it will be necessary to review his statement before we can deal with them adequately. However, I noticed one feature about these estimates. In quite a few instances there will have been a vote passed last year for, say, $1 million and the actual expenditures plus estimated expenditures to the end of the fiscal year will be, say, $500,000 of that $1 million. However, the vote in the next fiscal year is, in most cases, as high or even higher than the vote for the present fiscal year. I am wondering whether there is not some padding in the estimates of the department in connection with these particular items. Somebody in the department is just giving himself a little extra leeway to be sure he is not short of money.

This department has many more items than any other department. I think there are 67 items for the Department of Transport out of a total of some 537 for all departments. It might be that if the minister went over these items, having in mind the point I raise, it would be possible to effect considerable saving. As examples, I would give him the items which appear on page 568 of the details, having to do with construction services administration, air services. The vote last year was $961,383. The amount spent has been estimated at $860,288. This year the department is requesting a vote of $1,026,700. Another example is to be found on page 571, telecommunications division, radio aids to air and marine navigation. The vote last year was $4,236,555, and there was only $3,979,560 spent. This year the vote is $4,234,725.

Another example is found on page 573 where the vote was for $1,606,828 last year. The amount spent was $1,498,244 and the vote for the coming year is $1,691,165. There is another example on page 587 where the vote for last year was $16,715,151. The department only spent $13 million and yet it is coming back this year asking for $15,453,350. This vote is for airways and airports, construction of buildings, under the civil aviation division. There may be an explanation for each of these items. I ask the minister to bear in mind the suggestion that he may find it would be possible to place more emphasis on what was actually spent during one year in calculating how much is going to be requested for the following year, rather than taking into account what was voted in the first year.

Then also with regard to this year's items, and dealing only with the administration item which of course is the one under discussion today, I notice that in the details on page 532 there is an increase in staff of 51. This seems to be very large. Included in that number is an increase in economists. The minister is now going to have eight economists to advise him at his headquarters whereas last year he had only one. Apparently he needs a great deal more advice this year than last. Many of these economists are quite highly paid, the grade 10 receiving from $7,600 to $8,200. I should like to know just what work all these economists are going to do at headquarters.

Another question which I think is of considerable importance is the fact that the Department of Transport does not have jurisdiction over some of the governmental activities which parliament intended should be under that department. I refer first to Trans-Canada Air Lines. Trans-Canada Air Lines is now under the control of the Minister of Trade and Commerce; it is one of his hobby horses. Under the act setting up Trans-Canada Air Lines we find that "minister" means the Minister of Transport. When parliament established this crown corporation the bill was introduced by the then Minister of Transport who is now the Minister of Trade and Commerce. He has hung on to this corporation ever since. For some reason or other he has been allowed to have this particular governmental activity, although in cold hard fact it should be none of his business and should be under the Minister of Transport.

We find that the Minister of Transport is responsible for Canadian National Railways. Canadian National Railways holds all the shares of Trans-Canada Air Lines. If Trans-Canada Air Lines wishes to borrow money it is given power, under the amendment of 1952-53 I think it was, to borrow from Canadian National Railways. The whole legislative tie-up is meant to place Trans-Canada Air Lines under the Minister of Transport. Why should it be taken away and given to another minister, merely because he wants to have this extra power and will not give it up? It is about time that this greed for power was checked by somebody in the cabinet. I suggest the man to do it is the Prime Minister, himself.

The Minister of Transport has to supply all the airways. He is responsible for the air

regulations to control all traffic. The air transport board comes under him, not under the Minister of Trade and Commerce. The air transport board was set up primarily to advise the minister, and one would think to advise him particularly with regard to Trans-Canada Air Lines. However, the position is that the Minister of Transport has the air transport board under him and yet away over in another department across the street, under the Minister of Trade and Commerce, is Trans-Canada Air Lines. It is just about time this foolishness was stopped.

Next week the special committee dealing with Canadian National Railways and Trans-Canada Air Lines will be meeting. The Minister of Transport will be sitting there when Canadian National Railways affairs are under discussion. Then, when the affairs of Trans-Canada Air Lines come up, although Canadian National holds all the shares in Trans-Canada Air Lines, out goes the Minister of Transport and in comes the Minister of Trade and Commerce.

Mr. Marler: Or vice versa.

Mr. Green: The Minister of Transport may stay there, but in any event he will not have very much to say. All the talking that really counts will be done by the Minister of Trade and Commerce.

Then, we come to pipelines. How the Minister of Trade and Commerce got into piplines, I do not know. He was here all day yesterday fighting a pipelines battle, and the legislation stands in his name. Last year when he was being questioned about pipelines he was not so anxious to have the jurisdiction. I questioned him on July 14, and I am quoting from page 6160 of *Hansard*. I said:

> This evening I should like to place three or four questions before the minister with regard to the construction of a natural gas pipe line from Alberta to Ontario and Quebec. In order to give the background for my questions I shall have to review shortly some of the events that have taken place. As the minister knows, in 1953 he announced government policy with regard to the piping of natural gas.
>
> Mr. Howe (Port Arthur): There is nothing in the estimates of the Department of Trade and Commerce having to do with the piping of natural gas, and I do not propose to answer any questions.
>
> Mr. Green: Well, now, Mr. Chairman, the minister has already answered questions this afternoon having to do with natural gas.
>
> Mr. Howe (Port Arthur): That was this afternoon.
>
> Mr. Green: This comes under the minister's department—
>
> Mr. Howe (Port Arthur): It does not.

That statement he made should have been the fact but actually it is not. The Pipe Lines Act was introduced and put through this house by the Hon. Mr. Chevrier in his capacity as Minister of Transport. The board of transport commissioners, which has a wide jurisdiction with regard to pipelines, is also under the jurisdiction of the Minister of Transport and yet we find here again that the Minister of Transport is simply shoved off into a corner and the Minister of Trade and Commerce is taking over this power. It is another case of his seizing power to which it was never intended that he should be entitled. It is about time the Minister of Transport rose up on his hind legs and did a little howling about the way he is being cut down.

Finally, on that point, I suggest that the Minister of Transport should also look into the question as to whether or not he should be the man in charge of the crown company known as Northern Transportation Limited. He told us this morning about the amount of money he is going to spend to improve transportation on the Mackenzie river and yet the boss on the Mackenzie river is the same Minister of Trade and Commerce because he has charge of Eldorado Mining and Refining Limited and it has charge of Northern Transportation Limited and the control of transportation in that great area is under this crown corporation and apparently it is not giving very much satisfaction to the residents of that particular district.

Another question to which I would like to have an answer from the Minister of Transport has to do with the control of government ships. A private person who owns a ship has to have it registered and subject to inspections as set out in the statutes, but I understand that government-owned ships are not under the same extensive control. I may be wrong in this and I hope I am, but just a few weeks ago one of the ships of the Department of Public Works, the *Hilunga*, foundered on the west coast. It turned out that that ship was designed for service in waters within 15 miles of the coast. At the time she actually foundered she was in the waters for which she was built, but she had been en route from Vancouver island to the Queen Charlotte islands and she was not built for that purpose. She should never have been sent on that trip. Somebody was responsible for that ship being taken into waters for which she was not built. I would like to know whether she was registered in the way other ships are registered and whether she had been subject to the regular steamship inspection to which other ships are subject, and whether the laws of the land had been complied with in respect of that vessel.

At the same time, let the minister tell us whether all government ships of other departments are treated as though they were ships owned by a private individual in so far as registration, inspection and rules for operation are concerned. It might be wise to find

out also about the ships under the minister's own department. After all, the member of a crew of a government ship is probably a person with a family, a wife and children, and his life is as valuable as the life of a person who is sailing on a ship owned by the Canadian Pacific or some other private company, and these rules are designed primarily to preserve life at sea. There is no reason why government ships should not be compelled to comply in full with all such provisions.

Another point relates to the allotment of channels; for example, for broadcasting and for television. There seems to be some difficulty in that regard. The Radio Act defines a radio station broadly enough to include a broadcasting station and a television station. It gives the Minister of Transport power to make regulations with respect to the operation of these stations. I believe it is wide enough to permit the allotting of channels. In fact, it provides wide supervision. The Canadian Broadcasting Corporation, however, under another act, is also given certain power and, mind you, it is supposed to deal with the Minister of Transport in some way or another in connection with these matters, but I have heard that the Canadian Broadcasting Corporation has now built itself up into the position where it considers that it has the supreme authority in these questions and that it should make the decisions while the Minister of Transport and his officials are supposed to run along and do what they are told. There again I hope I am wrong; the minister has his own officials qualified for this work; the law says they are to be the final authority in this field and I hope they are not allowing themselves to be supplanted by this crown corporation.

Finally, I would ask the minister to explain to the committee in detail the part that the Department of Transport is playing in connection with the installation and operation of the early warning lines. He mentioned something about it today but not sufficient to give us any real information. I think he said they had some helicopters working in connection with the D.E.W. line and something was also being done in connection with the mid-Canada line.

Mr. Marler: Not helicopters.

Mr. Green: In the latter case it was not helicopters. I believe the committee should know just how the Department of Transport fits into this picture. Here again very little information is available to hon. members of this house. I would think that the Department of Transport has quite an extensive field, because these lines involve communications. For example, the department has charge of the northwest communications service into the Yukon and I believe also up the Mackenzie river and into other parts of northern Canada. I would think the department would have wide powers in connection with the mid-Canada and the distant early warning lines. We would like to know just what the situation is in that regard.

These are the questions which I place before the minister today and which I hope he will be able to deal with when he makes his reply on this item.

Mr. Barnett: Mr. Chairman, like the hon. member for Vancouver-Quadra I was interested in following the minister's explanation of the activities of his department. I think most of us realize that the activities of the minister's department are very broad, certainly too broad for any hon. member to attempt to survey in any completeness in one discussion. However, I think the minister's hope that his estimates will be speedily considered does not recognize the fact that the activities of his department vitally affect the daily lives of a large number of Canadians, perhaps in the kind of world in which we now live to a much greater extent than most of them realize. For that reason I believe that a certain amount of discussion of the activities of this department could be carried on profitably by hon. members.

We hear much more about the activities of other departments, for example the Department of National Health and Welfare, which receives a lot of consideration in this house. But I have been thinking that the activities of the Department of Transport affect almost as intimately the lives and welfare of almost as many Canadians. I have been wondering whether we should not classify this department in the civilian world with what is known in another field as the silent service. So much of what is done is under the surface and most of us are not aware of just how far the activities of the department extend in taking care of us whether we are travelling by land, sea or air, whether we are listening to our radios or watching our televisions, or whether we are doing any one of a large number of things.

I was rather interested in the reference made by the hon. member for Vancouver-Quadra to the field of jurisdiction affecting Trans-Canada Air Lines. I am inclined to agree with the hon. member's suggestion, and this thought has crossed my mind on a number of occasions since I have been in this house, that this particular field of transportation should be under the jurisdiction of the Minister of Transport rather than the Minister of Trade and Commerce.

I am slightly puzzled, in view of the kind of remarks I have heard made concerning the Minister of Trade and Commerce by the hon. member and some of his colleagues, that that particular suggestion should be forthcoming from him. I would have thought, because of the views they hold in respect to the activities of some of the crown corporations, that they would have preferred to have a watchdog within the government watching the activities of some of the other ministers, and perhaps would have urged that the Minister of Transport use his powers in the field of legislation to keep a little closer tab on the activities of his colleague.

There are one or two matters I should like to bring up at this point in the discussion of the estimates and which I believe come within the purview of the Minister of Transport. One has reference to the activities of the meteorological service which has to do with matters of weather. I was quite interested to note that during the recent session of the British Columbia legislature the suggestion was put forward by one member that the meteorological service of the Department of Transport should give active consideration to what should or should not be done in the field of rain-making.

Hon. members may recall that last year on the floor of the house I raised the question of rain-making activities and some question was raised as to whether this was a matter which properly lay within the jurisdiction of parliament and whether I was in order in bringing forward that subject. As a result of the discussion last year I took it upon myself to have some conversations with the Minister of Justice during which I told him that I would like to know a little more about the constitutional aspects of this particular matter. Recently I had a letter from the minister which sets forth an opinion on this matter, and I shall refer to this letter in a moment or two.

Before doing so I should like to draw the attention of the committee to the fact that this matter is causing increasing and widespread concern in British Columbia. As I say, it was raised on the floor of the legislature and, if my information is correct, a resolution was passed calling for the setting up of a committee to investigate this whole matter. It appears that an increasing number of large corporations in British Columbia which operate in a field where they are dependent upon rainfall, either to operate pulp mills or to develop hydroelectric power, are engaging the services of a concern which instals and operates rain-making machines for the purpose of increasing the downfall of rain within a particular watershed.

The problem which arises in the minds of a great many people is as to the right of private concerns altering the precipitation in a particular area. They question whether a company which may hold certain forest rights should have the right to alter precipitation in such a manner that it might affect adversely the operations of a man farming within the same area or of a summer tourist resort operator in the same area. As I say, this question is coming increasingly to the fore in British Columbia at the present time.

I feel that sooner or later the question of where jurisdiction lies in respect to the operating of these machines will have to be decided, and perhaps some regulations issued or arrangements made in regard to how and when such machines can be installed and operated. The letter which I have from the Minister of Justice I perhaps should read in its entirety, because he makes a fairly balanced statement. It says:

> I have no hesitation in expressing the opinion that the "weather" if it ever comes to be the subject of legislation, falls within the exclusive jurisdiction of parliament since any such law would surely relate to the general welfare of Canada. We do, as of course you are aware, now operate meteorological services and exchange information with other countries. If any operations are ever undertaken with a view to regulating or controlling climatic conditions, such would almost certainly fall, for legislative purposes, within the exclusive jurisdiction of parliament.
>
> However, such a generalization as I have thus made does not preclude entirely the possibility that in some circumstances the activities of "rainmakers" might be regarded as calling for legislation by a provincial legislature for local purposes, the licensing of them for example. A province could certainly not enact legislation, however, to authorize or regulate operations which might, in the least degree, affect climatic conditions outside the province.
>
> As is frequently the case in dealing with questions relating to the distribution of legislative power under the British North America Act, it is not possible to say that certain activities or operations, actual or prospective, fall in the provincial or the federal field for legislative purposes. Such questions can only be satisfactorily dealt with by giving consideration to a concrete legislative proposal.

I am not necessarily suggesting that I think the Minister of Transport should immediately come forward with concrete legislative proposals in this field. However, inasmuch as the existing meteorological services in this country fall within the jurisdiction of his department, I feel it would be appropriate, in view of the development of this activity and in the light of the statement that the Minister of Justice has so kindly given me, that within the activities of that branch certain studies in this connection could very well be carried out. I put that idea to the minister at this time for his consideration.

Mr. Harris: I rise on a point of order. I saw my hon. friend looking at the clock. If he has other remarks to make, I was going to ask that the committee rise and report progress and ask leave to sit again later this day, so that an announcement be made.

Progress reported.

SUPPLEMENTARY ESTIMATES, 1955-56

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1956, was presented by Hon. W. E. Harris (Minister of Finance), read by Mr. Deputy Speaker to the house, and referred to the committee of supply.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF TRANSPORT

A—Department—
435. Departmental administration, $1,777,100.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Barnett: Mr. Chairman, when the committee rose at one o'clock I was about to enter on a discussion of another topic related to the estimates of the Minister of Transport and having to do with the field of telecommunications. I should like to put before the committee the results of certain discussions I have had in my constituency on this matter with particular reference to the manner in which the increasing use of various forms of radio communication is of concern to the fishermen. One of the matters that have been concerning the fishermen is the increasing congestion of the radio frequencies which have been assigned for their use, particularly the one known in British Columbia as the fishermen's band, 2318.

I think it is fair to say that as a result of my discussions I am led to believe that the fishermen themselves would welcome the exercise in some way of a greater measure of control over the use of that band than perhaps has been the case up to the present time. I refer, of course, to some of the rather unnecessary conversations that have been going out over the air waves in the coastal waters of British Columbia. However, there are some particular points I should like to have the minister note at this time and perhaps at some point in the discussion of his estimates he might give us some indication of just what his department has in mind in this field.

Some of the fishermen, particularly those operating the smaller vessels such as the trollers and the gillnetters, object to the fact that some of the larger vessels employ quite high-powered sets and that they use these sets in the course of directing their seining operations with the result that in the immediate area those who have lower-powered sets find themselves obliterated from the air. One suggestion put forward to me by quite a number of fishermen is that if those who have high-powered sets installed require radio communication for purely local operations they should be required to instal what you might call some sort of walkie-talkie radio which would not cause the interference that is being occasioned at the present time.

Another complaint that many of the fishermen have brought to my attention is that under the present regulations those with low-powered sets are being assigned only the fishermen's band and the emergency band and that even though they are licensed to operate only on those frequencies they are still required to pay a $50 telephone deposit in addition to the $10 licence fee. They feel that in this case they are being charged for something which they are not entitled to use as a result of the limited number of bands on which they can use their sets.

There has been a good deal of dissatisfaction in the last year or two with respect to the uncertainty that has existed as to just what the licensing policy of the department is going to be. In particular, a number of those who have been handling the distribution of this equipment feel that they have been put in the position of selling goods with regard to which it was discovered later that they were not allowed to carry out the undertaking they gave to the buyer at the time of the sale. In other words, they sold sets which were capable of operating on a number of bands and discovered later that licences were only going to be issued for the two frequencies to which I referred a moment ago. The result is that they have had dissatisfied customers. I hope that this situation will be straightened out so that the dealers and the buyers of the equipment will not feel they have been placed in a compromising position.

There is another point I should like to mention while I am on this subject. A number of fishermen have told me that they are going to be required to take written examinations as operators of these sets. Their

concern arises from the fact that under present arrangements they understand they may have to make a long and in some cases expensive journey to a centre such as Vancouver or Victoria in order to write the examination, and they do not think that should be necessary. I believe this points up something to which the minister referred, namely, that the number of personnel available to carry on this work in the department is not really adequate to cope with the greatly increased use being made of radio facilities, and in my opinion consideration should be given to a fairly large increase in the arrangements and facilities that are provided. Whether that could be done in co-operation with one of the other departments of government such as the Department of Fisheries, I do not know, but I do know that the fishermen in the coastal areas have been accustomed, so far as their actual dealings with the Department of Fisheries are concerned, to having a fisheries officer somewhere within reasonable reach.

I do not need to expand on that point. I assume the minister understands that the Department of Fisheries has its officers stationed in the various fishing areas. If an examination system is to be instituted I believe that some arrangement should be developed whereby, through access to someone stationed permanently in the fishing area or through some arrangement whereby the appropriate officials would go to the fishermen, the necessity for taking these long journeys to a centre such as Vancouver would not arise. I have attempted to outline some of the matters that have been brought to my attention, and I would appreciate it if at some point in the discussion of the minister's estimates he would make a statement with respect to any developments taking place by way of policy in the administration of this particular aspect of his department.

This morning the minister made some reference to the program of vessel replacement which his department is carrying on. I believe he dealt principally with the matter of icebreakers, but his mention of this question brought to my mind a suggestion I should like to put forward. I suggest that consideration should be given, and I think it could be given within the confines of the Department of Transport, to the development of some sort of integrated program for the supply of government vessels.

From references I have heard, I know there are a great many types of government vessels in operation, with a great many types of engines. It appears to me that over the course of years various departments of government have acquired vessels at different times and under different conditions. The result apparently is that, where repairs are necessary, in many cases unnecessary delays are involved because there is no central depot, no standardization of the type of motors and no arrangement whereby parts for vessels from one department are interchangeable with vessels of another department. I think that is a matter of policy that could very well come under the consideration of the Minister of Transport. He may naturally be obliged to consult with his colleagues in other departments where vessels are in operation but I feel that in that field there is an opportunity to effect a considerable saving of public funds and at the same time to increase the efficiency of the operations of the vessels that are on our coasts.

While I am not going to develop this subject at the moment I feel that consideration should be given—as I mentioned in an earlier speech in this session—to the question of having proper rescue equipment on all of these vessels operated by the various departments of the government. I know that the minister's department operates vessels—perhaps I should not dignify them by that term—which are allocated to the rescue service. I therefore believe that within his department he must have facilities for giving this particular matter some consideration.

There is one other matter upon which I should like to touch briefly, Mr. Chairman. It relates to the question that was raised by the hon. member for Vancouver-Quadra this morning with respect to the recent loss of the Department of Public Works vessel *Hilunga*. The question that I should like to have answered is whether or not that vessel encountered a storm without warning when she embarked upon that particular voyage. If that is the case, I would say it points out the inadequacies of our present weather forecasting system on the Pacific coast. From my own observation I would say that the efficiency of our weather reporting on the coast has declined since the years during the war when, I imagine, a good deal of the information was being provided by various operations under the Department of National Defence. I know that last fall, I myself had a little experience of the arrival of unexpected weather. I was travelling out to one of the more exposed points on the west coast of Vancouver island in a light plane and we found ourselves faced with the onslaught of some rather gusty weather. To put it mildly, the situation was somewhat uncomfortable. The adequacy of our present facilities for detecting the onslaught of weather on the west coast comes into question when one hears of a situation like the one which

surrounded the loss of the *Hilunga* which apparently set forth from Bull harbour on the north end of Vancouver island across that sound. Certainly I cannot imagine the captain and the crew of that vessel doing so if they had adequate warning of the expected onslaught of that particular storm. I would hope that the minister might dwell on this question of the inadequacies or otherwise of our weather forecasting system on the western coast.

I think I have about used up my time, Mr. Chairman. I know that there will be certain matters that I shall wish to bring to the minister's attention on some of the items. But if he would take particular note of the two or three larger questions that I have raised and reply either during the discussion of this first item or at the appropriate place in the estimates, I should be glad to have him do that.

Mr. Hahn: Mr. Chairman, the Minister of Transport, in concluding his remarks, said he hoped that we did not find them too tedious. He apologized for making reference to many figures. He also hoped that the estimates would pass rapidly. I should like to assure him that my observation would be that I took the opposite view on each one of those particular statements. I did not find his reading tedious at all. I found it most informative; so much so, in fact, that I was wondering whether a suggestion at this time would not be amiss that possibly in future when he has copious notes, as he had in this instance, maybe at least one member of each group on this side of the house would be privileged to have a copy so that we could speak more intelligently along the lines that he pursued.

Frankly, Mr. Chairman, I am not too happy about the way in which the estimates are brought into the house. I am not referring to these estimates in particular. What I say applies equally to most of them. We find ourselves from time to time listening to an excellent discourse on the operations of a particular department. At its conclusion each one of us tries in his best way to bring things into focus in so far as they affect the particular riding which he represents or the dominion as a whole or even the province from which he comes, as the case may be. I would be much happier if, at the conclusion of the minister's address, he were to make a motion to adjourn and report progress so that we would have a chance of understanding more thoroughly what has been said. By the adoption of such a procedure I am satisfied that many of us would have some of our questions answered and would not be obliged to raise them again. The present procedure makes things rather awkward. I am satisfied, in my own mind at least, that the procedure I have suggested would be the better way of doing things.

The hon. member for Vancouver-Quadra this morning made a point that interested me when he drew to our attention the fact that the Department of Transport was not before us at the time of bringing this estimate to the house. I too found the same thing. I phoned this morning. Last night, in fact, after I learned in a circuitous way that the minister's estimates were to be before us today, I searched my room for the 1954-55 report and did not find it, but I found that it had been tabled. This morning—

Mr. Marler: Not this morning; some time ago.

Mr. Hahn: I realize that. I am beginning a new sentence. This morning I phoned the distribution office in order to discover what had happened to the report, because I could not find it. I discovered that it had been tabled, truly enough, some time ago, but that it was not available in print at this time. That fact in itself may not be such an amazing fault, in view of the fact that possibly a good number of members do not read the report. Certainly all of us who are on various committees do not have the time in which to study it thoroughly. However, there are certain parts of that report in which we would be particularly interested, and if they were made available to us they would save some time at a later date.

I find that another difficulty in connection with bringing up the estimates at this particular time is that the railways and shipping committee has not sat, and of course no reference has been made to the operations of Canadian National, Canadian National (West Indies) Steamships or Trans-Canada Air Lines. Possibly questions concerning the operations of these companies could be better answered in that committee. If the committee had completed its work we might find that our questions were answered and it would not be necessary to bring them up here again.

There was a question the hon. member for Vancouver-Quadra brought up to which I take some exception. He said that he did not feel Trans-Canada Air Lines report should be referred to the Minister of Trade and Commerce. I can see a certain value in that. It seems to me that Trans-Canada Air Lines, or any other means of transportation for that matter, would have a certain relationship to the Department of Trade and Commerce and possibly the report should be referred to that department. I believe, Mr. Chairman, the right hand should know what the left hand is doing. Actually, that is one of the reasons

I am speaking at this time. I feel that in this particular department there is too much of the left hand not knowing what the right hand is doing.

During the past year certain developments have taken place in my riding to which I should like to draw the attention of the house. One of these developments relates to the Langley airport. This is a civilian airport which is used for agricultural purposes as well because there is a distribution centre there for insecticides. This particular airport requires attention. Certain work has been done during the past year, but it would appear that two more years of continuous work will be required before the airport is put into first class shape. I believe certain representations have been made by organizations there, and certainly I have done likewise, with respect to further financial assistance to make that a good civilian airport. I am wondering if the minister would care to make any comment in this respect, in view of the fact there is no item in the estimates to cover this work. Would the minister care to comment on what his department intends to do with this airport?

The other matter, I mentioned this earlier, is the fact that it was the intention of the government to purchase the White Rock airport for the purpose of making it a secondary airport to the Vancouver international. I was rather hoping the minister would outline to the house something of what is intended to be done at that site during the ensuing year.

During the past years I have drawn to the attention of the department the need for a union depot at a more favourable location in New Westminster to take care of the Great Northern and Canadian National Railways. I am pleased to note that latest reports would indicate a site has been purchased and a depot is to be constructed on that site.

During the latter part of last year it was my privilege to be with the minister at the opening of the New Westminster dock, one which had been commenced before he came into office. It is certainly going to serve that community well, if I can get the right hand of the government to know what the left hand is doing.

There are many problems in my riding which relate to this Department of Transport and with which I could deal at this time, such as the Port Mann shops and the other airports I have mentioned. I come back, however, particularly at this question of the channel in the Fraser river. This matter has been brought to the attention of this house on more than one occasion. It is one that is in need of a great deal of attention. I am fully aware of the fact that the Minister of Transport is not in charge of dredging, but he is in charge of transport in this country. The Department of Public Works is in charge of dredging but because the Minister of Transport is in charge of transport I refer to him the question of keeping open the river channel for transportation purposes.

I find, as I have tried to point out in the past, that we are still having difficulty in trying to keep the Fraser river open. As I mentioned, last year we opened a new dock costing $1¼ million for the purpose of transferring goods to the ships which would take the goods down stream. I have here an article from *The British Columbian* of January 12, 1956, and headed, "Harbour Business Drops Off Slightly". It reads:

> Port of New Westminster export and import traffic slowed during the year 1955, according to statistics issued today by the harbour commission.
>
> Export tonnage totalled 876,661 tons as against 910,240 tons in 1954, while imports totalled 27,113 tons as against 45,332 tons the previous year. Ship arrivals were 435 as against 439.
>
> Although the late fall business was good, the heaviest decline during the calendar year was in wheat exports, down nearly 2 million bushels. Shipments totalled 3,568,000 bushels.

On the surface it would appear that possibly the reason for the decline in the shipping industry, in so far as shipping on the Fraser river was concerned, was largely due to this fall in our grain shipment. But, Mr. Chairman, that is not the whole story because more vessels called than had previously called. We find that more and more shipping is done at half load, and I must say that is not nearly satisfactory. The city council of New Westminster recognized that something had to be done. I notice that according to the annual report for 1953-54, the New Westminster harbour commissioners are one body over which the Minister of Transport exercises some control. The city council realized that there was some difficulty here and something had to be done because the river channel was not being kept open at all times, so they decided to discover for themselves just where the trouble spots were.

I have here another clipping I should like to read. It is from the Vancouver Province of January 13, 1956. It is entitled, "Royal City"—that is New Westminster—"Plans River Soundings with C.N.R. ferry."

> City council will make its own soundings of the Fraser river.
>
> Negotiations are now under way to install an automatic sounding device on the C.N.R. vessel *Canora* at a cost between $1,000 and $2,000.
>
> Federal department of public works is responsible for river soundings but charts are only prepared three or four times a year.
>
> With soundings taken on the *Canora* the city would have at least three checks a week on silting conditions in the river.

"The city is interested in the condition of the channel and when we see that silt is beginning to pile up we will be able to do something about it", Ald. R. W. Ballantyne said.

Last fall the port was closed to ships taking on full cargoes for nearly four months.

Possibly the minister would care to comment on this particular statement and perhaps he would tell us if he thinks a harbour should of necessity be closed to full cargoes for four months. In New Westminster we have some of the finest shipping facilities in Canada. We certainly have one of the finest docks, as I am sure the minister will agree. Despite this fact we have reports of this difficulty. I would like to be fair in this matter. The Department of Public Works has been operating under a handicap and has not had dredging vessels available at all times, but today it has. Up to the present time it would appear that the right hand of the government has not known what the left hand was doing. I would like to impress on the Minister of Public Works the need for examining the cause of dredging. His department is interested only in dredging and not necessarily in the cause of dredging. I would not say the minister and his department are completely disinterested in the fact that dredging is being caused by certain erosion which is taking place in that river, but it has become apparent to me that some change should be brought about in view of the fact that I have consistently made charges or complaints in this house that the silting is not being properly taken care of. This has been regularly pointed out by the New Westminster harbour commissioners, too. It is possible that if the Minister of Transport discussed this matter with the Minister of Public Works, as I am sure he must do from time to time, he would discover that the problem has not been completely solved and will not be solved until we get a 30-foot channel down that river with the dredges working on a full-time basis and not merely on an eight hour a day basis. I am not speaking of the labourers working on a full-time basis but rather I am suggesting that the dredge should be used full time.

Some of the facilities I spoke of on this river are the Pacific Coast Terminal, which has 1,200,000 cubic feet of cold storage space available, Canadian Western Lumber Company dock, the Gypsum Lime and Alabastine Company dock, the Searle Grain Company dock, and the Canadian National railway dock at the terminus of the railway. With respect to the Searle Grain Company dock, I might say that one of the reasons given by shipping men for the loss of grain haulings in the last two years was not because we did not have a market available but rather because of the shallow depths of the Fraser river. A ship can only take a partial cargo and then you have to go to Vancouver to get the rest. That is not a very satisfactory arrangement because this continual shunting and paying of fees is expensive. In so far as the dock itself is concerned, we have the Canada Rice Mills and the Overseas Transport dock, and as far as the industry itself is concerned no charge of any kind is levied against the cargo.

The Fraser water harbour is one of the biggest in Canada and has many facilities including the Great Northern Railway coming from the United States, the terminus of the Canadian National Railways and also a spur-line running from the main line of the Canadian Pacific—and trains operate on it regularly, I must say,—as well as the British Columbia Electric Railway line. We have splendid railway facilities and everything else that is required and yet while the rest of British Columbia's shipping is increasing our shipping is decreasing to a degree. I can find only one reason for this and that is the silting in the river itself caused by erosion which takes place upstream. This again points up the problem of what I will call co-operation rather than a matter of the left hand knowing what the right hand is doing on the part of some of the departments of the federal government as well as on the part of the provincial government in solving the problem. I censure the governments, provincial and federal alike, because I find that silting takes place at a point upstream and that this could be corrected if there was not so much bickering between the two governments in trying to assess costs.

In *The British Columbian*, the New Westminster daily paper, March 3, 1956, issue, we find an article entitled "Channel Target". One or two of the sentences in this article are of importance and I should like to read them:

Discounting certain regular and passenger liners entering Vancouver, New Westminster did receive more than 50 per cent of the deep sea freighters going to Vancouver.

That is rather interesting when you stop to consider it. The article continues:

The 435 freighters visiting New Westminster last year could have unloaded or loaded full cargoes. Most of them handled only part cargoes. Vagaries of the main channel depth during a large part of the year are blamed for getting ships into the "part-load habit".

This is only because so much emphasis was originally placed by shipping men, and has continued to be placed, on the fact that this channel is not open to sufficient depth to permit deep sea freighters to come up at all times. The article continues:

New Westminster desires to attain greater stature as a world port. To do this, misleading channel publicity must be eliminated. The target for safety

is a 30-foot ship channel. Our harbour, civic and trade bodies should resume their battle for it by every means possible.

I feel that closer co-operation should exist between the Departments of Transport and Public Works and the provincial government in assessing responsibility in respect to the erosion problem. Certainly the Department of Public Works is responsible for seeing to it that the channel is kept open at all times so that we can accept the shipping that would normally come to us. I do not hold the view held by the hon. member for Vancouver-Quadra in respect to T.C.A. and pipe lines. I would go so far as to suggest that the report on the river development and dredging should be sent to the Minister of Transport indicating where dredging is necessary and where it is being done. The report would necessarily come through the Department of Public Works. I am satisfied that by doing that it would be of some particular value.

I see my time is about up. There were many other things I had hoped to discuss, but I shall do that either in this committee or in the committee on railways and shipping. I submit that there should be closer liaison between the two departments.

Mr. Enfield: Mr. Chairman, I should like to discuss a certain matter rather briefly under this heading and in doing so I will be departing from the rather excellent general nature of the remarks so far in this debate. I should like to deal with a problem of particular importance to a particular group of people. Before doing so I should like to say a complimentary word to the Minister of Transport. He does not receive too many compliments, particularly from the opposition, or when he does there is some sort of rider attached.

An hon. Member: I do not think he needs them.

Mr. Enfield: He may not need them, but I will express them anyway. I find myself in the odd position of speaking for the front-benchers today, being the solitary occupant of that position. I think we all recognize the minister's ability as an administrator and in the house. Gentlemen, could I have your attention? This is important. I have found the minister extremely co-operative when meeting delegations with which I was concerned or when looking into problems concerning York-Scarborough. I am sure that all members have had this same experience.

The question I wish to discuss concerns the transportation of people rather than freight, particularly the transportation of people through, in and around our cities and large metropolitan areas. I intend to deal with the problem of the commuter. This is a very live issue in metropolitan Toronto at this time. The problem of the commuter is a growing one in which the railways are involved because they constitute one extremely important method by which a very grave situation can be corrected. This is a national issue because the problem will continue to grow as long as our cities continue to grow.

I find it rather difficult sometimes when dealing with matters concerning railways to decide where government policy ends and where the internal management of the railways takes over. However, I think in presenting something which embodies a new concept or a new method or idea of operation I would be presenting something which falls within the purview of policy and as such would be a proper matter for the government to consider when dealing with Canadian National Railways or any other railway company.

I should like to deal with metropolitan Toronto, and perhaps hon. members will forgive me for taking this particular example. It is an area with which I am particularly familiar, but I think what I have to say will have a general application wherever this problem exists in the country.

At the present time metropolitan Toronto has a population of about 1,334,000 people, with another 60,000 or 70,000 in the area along the borders. Metropolitan Toronto covers 239 square miles. According to representations made to the royal commission on economic prospects, in 25 years or so it is expected that the population of metropolitan Toronto will double to roughly 2,800,000 people, and that the metropolis will completely occupy some 300 square miles of territory.

Every morning and night vast numbers of people move into and out of metropolitan Toronto. Thousands of these people are driving the cars of tomorrow on the roads of yesterday. Other thousands struggle to get seats on public transportation if and when that is available. In the evening the exit begins and the difficult problem of transportation is in evidence at least twice a day every day.

The metropolitan corporation has grandiose plans to solve the problem. They are considering the building of new arterial roads and subways. We have one subway which cost many millions of dollars and other subways are visualized, as well as new bridges. But the cost of all this will be fabulous. I believe it is estimated that within the next 15 years there will be expended under present plans being discussed by the metropolitan corporation a total of $1,000 million in order to provide means of ingress and egress into and out of metropolitan Toronto.

This is a lot of money and I submit that consideration should be given as to whether these financial resources could not be channelled into some other means of attacking the problem. That is what I want to discuss. It is also a matter of immediate action being taken. The building of arterial roads, bridges and highways takes time. The technical problems involved are tremendous. The problem of obtaining a right-of-way, purchasing land for the project, represents almost insuperable difficulty.

But there are rights-of-way already in existence and it is these I want to discuss. It may be that the solution lies right on our doorstep. What I have in mind would require the co-operation of Canadian National Railways, the Canadian Pacific Railway Company, the metropolitan corporation, and the provincial and federal governments. There is in existence already a controlled access, protected, no speed limit right-of-way. I refer to the series of railway lines emanating from a central point in metropolitan Toronto and radiating out in all directions to cover the suburban areas. My question is: How can these be used to help solve the commuter problem?

I think it was *Maclean's* magazine which contained an article stating that Toronto is now the fastest growing municipality in the world. That statement may be a little ambitious, but it was stated as a fact. I know for certain that the riding of York-Scarborough is the fastest growing part of metropolitan Toronto. An hon. member, I think the hon. member for York West, suggests that it is the second fastest growing area in metropolitan Toronto. I do not know what he considers to be the fastest growing area, and perhaps he can enlighten me.

I want to refer particularly to one railway line which runs through my riding and to indicate how the areas along that line will be affected. You can start at the union station and, heading easterly and northerly, pass through the town of Leaside, a very thriving section of the city and a part of my riding, go on through Don Mills, Scarboro Junction and up through Agincourt, Milliken, Unionville, Markham, and out to the township of Pickering on the east side. You can go north through Leaside to Thornhill, Richmond Hill, Oriole and the places to the north. There are very many lines going similarly to the municipalities in the west, in the northwest and in the north. It is incredible the number of separate areas that can be so served by these lines.

There are, of course, technical problems involved in providing these commuter services. One suggestion I have seen was made by a person called Mr. Taylor who wrote to the newspaper called the Agincourt *News*. There have been many articles of this nature published in all the Toronto newspapers. His suggestion is that we use something called a rail diesel car. This is a car that holds 85 people. He says it costs 80 cents a mile to operate and has an availability rating of 95 per cent. He says the cars are suitable because they can be operated with one engineer and a conductor and they require no turnaround facilities, that is, they may be operated from either end. This is similar to the rolling stock used in our subways. The whole idea is similar to that of a subway on the surface. The cars will move very quickly, the railway crossings can be thoroughly protected, and an extremely fast and efficient service can be obtained with this type of equipment. The schedules, of course, would have to be integrated with existing services. The present services would have to be adjusted. Perhaps in the beginning it would be necessary only to adjust the existing services and have some new rolling stock, and then additional services could be added as required.

Mr. F. D. Tolchard, who was for many years general manager of the Toronto board of trade, estimated that such a commuter system could carry daily 700,000 people in metropolitan Toronto. That would, of course, be an extremely worth-while objective from the point of view of transporting these people.

Of course, the problem is: who is going to bear the cost? There seems to be something inherently unprofitable about commuter services. Apparently the equipment required is always too costly to make the services pay at any sort of reasonable rate to the public. Apparently people have not, until now, been able to pay sufficiently high rates to underwrite the costs of these commuter systems.

I understand that the attitude of the Canadian National Railways, as represented by Mr. Donald Gordon, on this particular project in metropolitan Toronto is that they are willing to discuss such a plan provided that the cost will be subsidized by the metropolitan corporation and provided, further, that if schedules are commenced and it is then found that the service is not needed, the C.N.R. will be allowed to terminate the particular service concerned. As I say, I understand that is the present attitude of the C.N.R. I do not know what the attitude of the metropolitan corporation is. Whether or not they are prepared to enter into a cost sharing or a cost underwriting arrangement or whether or not they are prepared to subsidize such a service, is hard for me to say.

How could the cost be shared? It seems to me that there are many ways in which the

problem could be handled. It seems to me there are many forms of agreement that could be entered into, any of which, of course, would have its problems. The scheme could be operated completely by the metropolitan corporation. To do this they could use the right-of-way on a rental basis. They could either construct rail lines on the present right-of-way or they could make arrangements to integrate with the present services and rent the existing rail lines. The rights of way are the key to the situation. Under such a suggestion the Toronto Transportation Commission could operate the necessary rolling stock. However, I doubt that that would be too palatable to the Canadian National Railways, or Canadian Pacific Railway, who are accustomed to running their own show and perhaps would find it impossible to consider such a method of operation. Therefore, let us consider operation by the railways. This could be done by sharing whatever deficit was incurred. There would have to be a very careful accounting of costs and very careful negotiation as to how the deficit, if any, was to be apportioned among the various parties concerned.

On the other hand, you could take the cost of operating such a system and work out the rates of fare required to underwrite the cost completely, and then the metropolitan corporation could, to the point it felt necessary, subsidize that cost. This seems to me to be the most practicable manner of handling the problem. The rates could be kept at that point at which the commuter could afford to pay. We could keep a careful cost accounting system of the operation of this particular part of the railways operation, and in that way the metropolitan corporation would be protected. It may balk at such a scheme, saying, "We would not have any control over the costs concerned", and they would also no doubt say, "Here we are entering into a continuing expense; we do not know how far it is going to go or how long it is going to last". But all transport is a continuing expense. I cannot think of anything more costly to our municipal corporation than the provision of all these roads, arterial highways, bridges, etc., they have had to build. Consideration of this type of transportation would be very worth while indeed from their point of view.

There is a corollary to such a system which perhaps I am out of order in mentioning in this debate, but I should just point out that in matters of civil defence it would be most useful. Compare the rapid, customary and controlled evacuation of thousands of people, by a system such as I have suggested, with a situation where the same thousands of people are all trying to get on to a series of highways with no control, all at the same time. The customary feature is the important part when you are thinking along these lines, because this is an evacuation that would occur every day and could be carried out in an orderly and completely controlled fashion. The effects on civil defence would be very salutary indeed.

I do not know what the minister's thinking is on this particular subject, or if he has ever had occasion to canvass the idea. It would take a co-operative effort on a shared cost basis, and possibly it may embody a new concept for the railways. I will just conclude by urging the Canadian National Railways and the Canadian Pacific Railway to keep an open mind on the subject. I would urge the C.N.R. and the C.P.R. to search constantly for and do research on cheaper methods of handling this type of commuter service for, of course, if such methods could be found and commuter service put on a profitable basis there would be no problem whatsoever. It would simply be a matter of growth and increase in the rolling stock of the facilities concerned. If the minister does have any words of encouragement or information on the matter I would, of course, be most happy to have the benefit of his thoughts and ideas. As I say, it is a very live issue in metropolitan Toronto and the issue will arise again and again in all our metropolitan areas in Canada because this problem of transporting people in and out of cities is with us and with us to stay.

(Translation):

Mr. Balcer: My remarks in this debate, Mr. Chairman, will be limited to a matter which is of particular interest to my constituents in Three Rivers as well as to the people of the surrounding district which is served through the port of that city.

This afternoon I would like to bring to the attention of the house the fantastic niggardliness of the national harbours board with regard to our port, as well as its obstinate refusal to carry out the improvements made urgently necessary by the St. Lawrence seaway project.

In a few months, this country will begin to reap benefits from the St. Lawrence seaway project. We, the people of Three Rivers and the surrounding district, are anxious to see our harbour receive its share of those benefits.

For this purpose, Mr. Chairman, the port of Three Rivers must be altered altogether and be provided for in the budget of the national harbours board.

The chairman of the St. Lawrence seaway authority, Hon. Lionel Chevrier, stated recently in Copenhagen that the seaway

would triple the volume of traffic through the canal system of the river, i.e. would increase it from 10 to 30 million tons. Consequently, if ports below Montreal are able to handle part of that traffic, they are bound to benefit from this increase. However, in order to benefit by this improvement, a port such as that of Three Rivers must be made a transfer point. At the moment, if the national harbours board persist in treating the port of Three Rivers as they have done since they took charge of it, I doubt very much that our area will derive the advantages to which it is entitled.

At the present time, for instance, there is a lot of wheat being shipped. It is brought down to us from the lakes in very small ships and then loaded on vessels for overseas. Unfortunately, when the deep waterway is finished wheat from below Montreal will be handled by big lakers and Three Rivers does not, as yet, possess the necessary equipment to ensure harbour facilities to those large ships.

The people of Three Rivers do not want to make a show of jingoism, and, like the other towns of this country, they are glad to think that the St. Lawrence seaway project will vastly improve the economic position of all great lakes cities.

Most of the harbours on the great lakes expect a lot of business to come their way. Well, as Canadians, not only do we see nothing wrong with that, but we are glad to see this country of ours develop from one end to the other. However, we do hope that the harbours on the great lakes will not fall into the hands of the national harbours board, or at least that they will not get the treatment the Three Rivers harbour is getting at the present time from the board.

It seems to me that the coming of the deep waterway provides the national harbours board with a great opportunity as well as a justification to carry out needed improvements in the Three Rivers harbour. It surely could not be accused of wasting money if it made these vital improvements, for the Three Rivers harbour is a natural harbour which needs no maintenance work as far as dredging is concerned, as is the case with the Quebec and Montreal harbours. It is a deep-water harbour. As a matter of fact, it is from 30 to 65 feet deep. Besides there is practically no tide and the current is not very strong. Opposite Three Rivers the St. Lawrence is about a mile wide. Therefore, even the largest ocean-going ships which sail up and down the St. Lawrence river can easily move around and even turn about, which makes for extremely easy navigation. Finally, Three Rivers harbour is one of the few ports in our country where ships do not have to be towed when mooring at the wharf or sailing out. This is a very important feature for shipping companies, and one that can mean a substantial saving for them.

As I just said, capital expenditures to improve the facilities of the Three Rivers harbour would surely not be a waste of money. The people of Three Rivers are ready to do their share in developing their harbour. We are now putting a final touch on legislation which will make it possible to put up a bridge between Three Rivers and Nicolet county. The building costs of this bridge, which will run to $12,500,000, will be carried by private enterprise, and there is no doubt that once the bridge is built, the industry of Three Rivers and the whole district will be able to use the harbour facilities of that town if they are available.

It is therefore a pity to find that the national harbours board is the only one not doing its share. This is all the more surprising since the harbour of Three Rivers is the only Atlantic port under the jurisdiction of the board, which has brought it a profit in the past few years.

Mr. Chairman, may I quote figures that I gathered in the brief submitted by the city of Three Rivers last summer to the board of inquiry on coastal shipping in Canada. I quote:

> When the national harbours board took over in 1936, the accounting value of capital assets amounted to $7,547,100 and accrued surplus to $2,913,113.
>
> Between 1936 and 1953 (table 1), the national harbours board derived from the harbour of Three Rivers an operating revenue of $4,570,086.86 and spent on administration and maintenance $730,181.45, leaving an operating profit of $3,839,905.41.

This is an enormous sum when compared with what the national harbours board is getting from other Atlantic ports.

> In 1947, the surplus account is regularized and there is an increase in the books of $1,270,150.06 without the capital assets account being affected.
>
> In 1952, the surplus account is again regularized through a decrease of $2,521,283.54, as well as the value of capital assets, which decreases from $7,897,797.03 to $5,450,921.99.

I again quote the brief of the city of Three Rivers.

> An analysis of the financial statements published by the national harbours board shows that Three Rivers harbour alone—

I repeat the word "alone".

—among all the harbours on the Atlantic and the St. Maurice, has managed to achieve a net operating surplus.

In fact the last official report published by the national harbours board in 1953 supplies the following details:

Harbour	Deficit	Surplus
Halifax	$ 8,201,444.07	
Saint John (N.B.)	9,278,467.04	
Chicoutimi	2,819,897.84	
Quebec	27,060,829.33	
Three Rivers		$836,586.81(1)
Montreal	9,282,276.24	

(1) A downward adjustment of the surplus of $2,578,613.76 in 1952 has affected the accumulated surplus.

And during that time, namely—

From 1936 to 1953, the national harbours board has invested for capital improvements in the Three Rivers harbour the sum of $594,058.

Most of which was spent two years ago for the construction of a shed.

An analysis of capital expenditures in certain harbours of Canada (Table II) for purposes of comparison for the years 1936 to 1953 is attached hereto.

It should be noted that in the harbours of Halifax, Saint John, Chicoutimi and Quebec the national harbours board has spent for capital improvements $6,692,991, $9,820,529, $68,492, $3,942,457 respectively, against $594,058 for Three Rivers, the only harbour showing a surplus.

A few days ago, in a dispatch from Ottawa, the Canadian Press announced the 1956 budget of the national harbours board. As far as Three Rivers is concerned, we read to our great disappointment that the national harbours board was not at all concerned with Three Rivers harbour and that it would continue in 1956 to treat it with its usual niggardliness.

Let me quote the figures stated by the Canadian press:

Amounts budgeted for the various harbours under the jurisdiction of the board are as follows:

Montreal	$12,736,500
Halifax	1,942,000
Quebec	1,687,000
Saint John (N.B.)	845,000
Vancouver	649,000
Other ports	200,000
Port Colborne	80,000
Prescott	40,000

And finally, Three Rivers is put down here for $35,000 and yet it is the only port which has returned a profit.

I should think, Mr. Chairman, that these figures clearly show that the national harbours board is not being fair in its dealing with Three Rivers harbour. This is a ridiculous situation. Here we have the national harbours board, making money out of Three Rivers harbour, seemingly unable to invest more than $35,000 in it, whereas the Department of Public Works is spending unquestionably justified amounts of money on docks in very small harbours which bring in no revenue whatsoever to that department. Such is the case at Blanc-Sablon where it is spending $150,000 on a dock extension, at Mechins where $100,000 are being spent on the rebuilding of the dock.

Mr. Langlois (Gaspe): Are you opposed to those projects?

Mr. Balcer: Absolutely not; I am in favour of them; I only wish the amounts were larger and, at the same time, that as much be done for Three Rivers harbour.

Mr. Langlois (Gaspe): You had implied that those expenses were apparently not justified because there was no return on the investment.

Mr. Balcer: That is quite false and my hon. friend knows that this is not what I meant.

Mr. Langlois (Gaspe): It is what you said.

Mr. Balcer: I definitely did not say that. I am particularly happy of this opportunity—

Mr. Lesage: We have a good government.

Mr. Balcer: —to request that our harbour at Three Rivers be treated in the same way and that the national harbours board, which makes a profit out of Three Rivers harbour, take a good look at it and see for itself in how many ways the harbour could be improved, so as to allow it to keep its rank as one of the leading harbours in Canada, especially after the completion of the St. Lawrence seaway.

Mr. Marler: Mr. Chairman—

Mr. Balcer: And the required improvements could be carried out at the same time.

Some hon. Members: Order.

Mr. Marler: I should like to ask a question of the hon. member since he intends to broach another subject. He spoke at length of the money spent at Three Rivers and on other harbours in Canada, but he has yet to point out a single improvement urgently required at Three Rivers harbour. Could he tell us what are those needs he has referred to.

Mr. Balcer: I thank the minister; I was just coming to that.

Mr. Marler: Good, I am away ahead of you.

Mr. Lesage: You are thinking of the Shawinigan bridge.

Mr. Balcer: No. In 1936, at the time the national harbours board took over the control of the Three Rivers harbour, the total length of the wharves was 7,400 feet, and there were 8 transit warehouses with an area of 175,000 square feet. In 1956 equipped wharves measured 7,650 feet, which means that from 1936 to 1956 only 250 feet were added. Surely, Mr. Chairman, it cannot be claimed that a great effort was made in those 20 years. As far as sheds are concerned, there are 229,000 square feet in 1956 compared to 175,000 square feet in 1936, which is an increase of some 50,000 square feet.

Mr. Lesage: Where is the need?

Mr. Balcer: Grain elevators were filled to the limit last summer, as well as an adjoining shed. From June on, Three Rivers shippers had to turn down business due to the lack of storage space and accommodation.

Again I urge that appropriate sheds be built at Three Rivers harbour. One built a few years ago is already inadequate. For instance, last year, last spring I should say, carbide was shipped by a Shawinigan Falls company and they had to use tarpaulins to shield the goods which were left on the wharves, because there was no room inside the sheds.

It does not make sense, Mr. Chairman. I protest against the national harbours board policy of always waiting until the situation has become practically desperate before making the least improvement.

I believe it would be only fair to Three Rivers stevedores, and to the manufacturers and the whole population, if those in authority went ahead and made improvements which would give a bit of favourable publicity to Three Rivers harbour and attract new customers and new shipping lines.

The minister asked a while ago, what was required to be done to Three Rivers harbour. This is one of this country's main eastern ports. However, it lacks all equipment, heavy or light, for handling cargoes. It is left to the stevedores to supply the cranes they may need.

Three Rivers harbour is the only one to show a profit, and the national harbours board should use some of this profit to equip the port and enable it to hold its own among the other national harbours once the St. Lawrence seaway project is carried out.

Up to now, Three Rivers harbour has got along and the stevedores there have not lost too many contracts. But it is precisely because the seaway project will soon be a fact, that we want to have the necessary equipment to receive the huge grain ships which we hope to see coming down to us from Montreal.

The royal commission of inquiry on coastal shipping in Canada has been holding hearings all over the country. We hope for the sake of Three Rivers that, as a result of such inquiry, coastal shipping on the great lakes will be restricted to the North American fleets, so that lakers may carry cargoes down to the ports of Montreal, Three Rivers and Quebec where they could be transshipped, so as to encourage the development of new industries in this area and bring prosperity to the cities located on the banks of the St. Lawrence below Montreal.

We wish every success to the great lakes ports, we wish them to double, treble, quadruple or even quintuple their shipping activities, but we ask for a fair treatment from the national harbours board. We ask them to show a little more foresight. We ask them to bear in mind what the situation is going to be once the St. Lawrence seaway is completed. Finally, we ask that the necessary steps be taken to ensure the prosperity of Three Rivers harbour, the only port which has shown a surplus.

Mr. Langlois (Gaspe): May I put a question to the hon. member for Three Rivers? If I understood correctly, he said a moment ago that he favours the restriction of coastal trade and wants maritime transportation to be limited to ships of Canadian registry. Shall we infer that he is stating his party's policy?

Mr. Balcer: Mr. Chairman, this matter is now being considered by the royal commission on Canadian coastal trade. I simply recalled a wish expressed before that body when the corporation of the city of Three Rivers submitted its brief. I need not state my or his party's policy since the commission has not yet completed its work.

Mr. Lesage: There is no need for the hon. member for Three Rivers to state our policy.

(Text):

Mr. Decore: I should like to draw to the minister's attention a matter which I have

raised previously and which has been raised by the hon. member for Athabaska as well as other hon. members from Saskatchewan. I am referring to the Canadian National railway line which runs east from Edmonton through Redwater, Smoky Lake, St. Paul and up to a point called Heinsburg. It stops there and there is an unfilled gap of some 38 miles to a point called Frenchman Butte in Saskatchewan. Then, that line continues from Frenchman Butte in Saskatchewan to North Battleford and on to Saskatoon. It is very difficult for me and a lot of other people to understand why this particular gap has not been completed. The information I have is that the terrain is not at all difficult. Although I am personally not acquainted with the topography there my information is that it is typical of the topography to be found in eastern Alberta. Although it is generally expensive to build railways, this is not difficult terrain.

This railway line goes through the most thickly populated rural area in western Canada. There is a lot of mixed farming there, and the result is that a lot of the goods coming from the east has to come by way of Edmonton and back again. On the other hand, farm produce, grain and other farm products being shipped out must go west first and then back east again for hundreds of extra miles. As I say, it is difficult for me to understand why this particular gap has not been filled. This railway line goes through the Redwater oilfield which is one of the richest oil sectors in western Canada. There are salt mines there that could be developed. As I say, it is difficult for me to understand why this gap has not been filled since it does go through one of the most thickly populated areas in western Canada and it is not difficult terrain.

I have raised this matter, as the hon. member for Athabaska and other members have in this house. I raised it for the first time when I came to this house in October, 1949. I brought it to the attention of the then Minister of Transport, Mr. Chevrier, who said, as reported on page 1233 of *Hansard*, volume 2, second session, 1949:

> I thank the hon. member for Vegreville for his interest in the unfilled gap between Heinsburg, Alberta and Frenchman's Butte, Saskatchewan. The Canadian National Railways have been giving some careful study to this line, not only in 1949 but in 1948 and 1947; and, I must tell my hon. friend, they have it fairly high up in their priority list.

Then, the minister went on, and at the end he made this statement:

> ....I can tell my hon. friend that tne discovery of the oil wells and the salt mines are two features which should add considerably to the chances of construction. They certainly should add to the economic advantages. The best I can say at this time is that the Canadian National Railways have the matter under careful review and they have it fairly high up in their priority list.

I was wondering whether, for the benefit of those people out there in Alberta, the minister could say to what extent Canadian National Railways have given this matter consideration. What is their feeling on the matter now? I was wondering whether or not the minister would think it desirable on his part to push this project and have this gap completed?

Mr. Herridge: I listened with considerable interest to the minister's introductory remarks, but like other members who have spoken I am somewhat disappointed that we did not have a printed copy of the department's annual report before these estimates were considered. Before proceeding with what I want to mention this afternoon I must express my appreciation of the courtesy of the minister and his officials in giving consideration to any matter that I felt it wise to bring to their attention. This does not mean the minister gives you all you request, and I shall have more to say about that later on the various items, I must give the minister credit for saying no in such a way that you feel he has done you a favour.

Now, Mr. Chairman, I am not going to deal this afternoon with the concrete things that come under the Department of Transport, but rather I am going to enter the rarified atmosphere of constitutional ambiguities. I was asked to raise this question by a good number of people in my constituency who support the various parties in this house because they think it is a matter that should be corrected.

The matter I intend to raise concerns the rights of navigation on the Arrow lakes, which are an extension of the Columbia river and are about 135 to 140 miles in length. Navigation on that portion of the river which is navigable has been carried on since Thompson discovered the river in 1811, first by the Hudson's bay bateaux; then in 1866 steam navigation was commenced from Northport to north of Revelstoke. The Kootenay Steam Navigation, and later the Canadian Pacific Railway operated a fleet of ships, stern wheelers, on the river for about 60 years. The last of those ships belonging to the Canadian Pacific Railway, the steamer *Minto*

was laid up in April of 1954, to the great regret of all the residents along the lakes who were very sorry indeed that the provincial government of that day failed to go in with the federal government fifty-fifty toward the $60,000 subsidy that was considered necessary by the C.P.R.

Because of my fond memories of that ship I cannot help telling a short story of the early days in connection with that boat. Going down the lakes one day on the vessel was one of our early Anglican clergymen who was reading his Bible. The skipper went up to him and said, "Padre, does the good Lord say anything about the old steamer *Minto*?" The clergyman said, "Just a minute, captain. Let me have a look. I am quite sure the good Lord would not overlook such a good vessel as this." At this point the clergyman turned back to the beginning of his Bible. He said, "Here it is captain, right in Genesis"; and he read, "and then the Lord made all creeping things".

As I said before, we were extremely sorry to see that vessel discontinued, and we are very pleased that we have a substitute service in the ferry *Arrow Park* now operated by the provincial government of British Columbia. When the steamer *Minto* ceased to run the government of British Columbia called for tenders for the operation of a service between Arrowhead and Robson. The Interior Tug and Transport Company were the successful tenderers, and received a subsidy of $60,000 per annum. They operated for about 12 months and then fell into difficulties and finally, last fall, the provincial government bought the company out, bought the vessel and is now operating it.

What I have been asked to raise arises out of an incident that occurred last summer. I might explain that when the vessel *Arrow Park* commenced operation it also took over a run formerly undertaken by the steamer *Beaton*. Consequently the steamer *Beaton* was laid up. Last summer the Revelstoke chamber of commerce wanted to charter the *Beaton* for a run from Arrowhead to Beaton in order to attend a district conference of chambers of commerce at Trout Lake that was called to discuss the Jumbo pass proposals in connection with the route of the trans-Canada highway. They were informed by the captain of the steamship *Beaton* that he was unable to leave the dock, I am informed, owing to an order issued by the provincial government of British Columbia. I believe this order was issued as the result of some clause in the provincial ferries act.

This order forbids anyone to operate a vessel for passenger purposes on the Arrow lakes. Now, what does that mean? It means in the first instance that the steamer *Beaton*, which only two or three years ago had $125,000 expended on it for repairs and improvements, is tied up at the dock. The investment, so far as the owners are concerned, is lost. Second, it means that there is no opportunity provided for organizations who wish to charter or rent this or other small vessels to go on trips which in no way interfere with the scheduled run of the ferry *Arrow Park*. In view of the provincial government operating the ferry *Arrow Park*, a service about which we are pleased, I can quite understand they want to protect the revenues of that vessel; but our people cannot understand why the government should forbid the steamship *Beaton* and other small craft from providing passenger service for excursions and for emergencies which in no way conflict with the ferry *Arrow Park* and could not be undertaken by the ferry *Arrow Park* because that vessel is on a scheduled run.

In my opinion, Mr. Chairman, this is unfair to the owners of the vessel. I might say I am placed in a somewhat unusual position this afternoon. I am all for the public ferry service that is being operated on the Arrow lakes by the provincial government, and recognize its usefulness. We in this group are very fair indeed, and we want to be fair to all economic interests. Furthermore it is not to the advantage of any district, whatever your political opinions are, to have a vessel of the type of the steamer *Beaton* tied up at a dock unable to undertake any passenger service when that service could be of value to the district on certain occasions.

I mention this matter because of the numbers of people of all parties who have asked me to raise it. They are of the opinion that there must be some misunderstanding. They think it is an entirely unnecessary regulation. I do not see how it can be constitutional that a provincial government under some section of a provincial act can prevent companies or individuals from operating passenger services on navigable waters such as the Arrow lakes and sections of the Columbia river. When the Kootenay Steam Navigation Company was operating and when the Canadian Pacific Railway Company was operating on the lakes and the river, the steamer *Beaton* was operating on another run, and various small craft were chartered from time to time for excursions and for emergency purposes.

Therefore, Mr. Chairman, I would ask the Minister of Transport to inquire into this question to see if it is a constitutional act on the part of the provincial government, and to see if some arrangement cannot be made for this and other vessels that are required for excursions and emergency trips to operate on navigable waters which we understand come distinctly under the jurisdiction of the federal government. I have the correspondence and other documents on my desk, and I should be only too pleased to hand them to the minister if he should require them.

Mr. Henderson: Mr. Chairman, I should like to say a few words on this item, and I shall direct my remarks particularly to the Minister of Transport. It is my feeling that the minister is performing his duties with the same degree of efficiency and vision as his predecessor. The problems he must face are unique and involved, and are created largely by the upsurge in the nation's business caused by our natural growth and the atmosphere which has been created for this gigantic expansion. The minister has demonstrated day by day both inside and outside the house his ability to handle the affairs of this department which are so extensive.

This afternoon I should like to deal with one particular phase of transportation, and in doing so I refer particularly to the railway line between the two great cities of Toronto and Montreal, which line passes through Kingston, which I consider to be one of the greatest cities in Canada. This line is most important for more reasons than one, and I predict that in the future it will increase in importance as the traffic between these two large cities of Toronto and Montreal increases. This line running along the north shore of the St. Lawrence river services a great number of small cities, towns and villages, containing a large number of residents and the many large and small industries for which the area is so well known. This particular line will become more important with the completion of the St. Lawrence seaway.

This part of eastern Ontario covering the north shore of the St. Lawrence river, up to Ottawa and down to Kingston, has been described as the golden triangle. Therefore, I submit, more attention should be paid to the transportation services being provided in this area than has been the case heretofore, and more particularly the railway services, because these services can be the backbone of the development of industry along the north shore of the St. Lawrence.

[Mr. Herridge.]

One result of the construction of the St. Lawrence seaway has caused a great deal of concern to railway engineers and administrative officials. Towns, villages and industries have had to be moved and provision has had to be made for their re-establishment in new locations. The engineers and members of the administrative staffs of the C.N.R. are to be congratulated upon the lead they have given by their knowledge, know-how and vision which enables them to cope with this situation. This problem has been more extensive because other arteries of traffic have had to be diverted, which creates problems for the C.N.R.

Living as I do in this area I can say that there have been very few complaints from residents with respect to the activities of Canadian National railway officials. However, something has come up within the last couple of days. The Post Office Department has called for tenders for the transportation of mail by vehicular means from Belleville to Kingston and from Kingston to Brockville. Undoubtedly this will provide better service for the Post Office Department or these tenders would not be called for. At the same time it will improve the mail service for the areas between Toronto and Montreal, particularly between Ottawa and Kingston.

But this indicates to me that there may not be another train service provided between Montreal and Toronto and Toronto and Montreal to take care of intercity traffic, more particularly businessmen from Trenton, Belleville, Napanee, Kingston, Brockville, Prescott and Cornwall who might be desirous of going either to Toronto or to Montreal in the morning and returning home the same day. I am trying to point out that if there was a train leaving Montreal in the morning at a reasonable hour, and also one leaving Toronto at about the same time, such a service would be complementary to the one now provided whereby a train leaves Toronto and Montreal around 4 or 4.30 in the afternoon and reaches the central region around 6.30 and 8 p.m.

We now have the evening service, but it might be more to the advantage of the railways and satisfy their need for extra traffic, as well as the persons who live in the region who might like to make daily trips, if this additional service were provided. I am directing my attention more particularly to the possibility of a better morning service which now reaches the halfway mark at around 2 o'clock going both ways and another between 3 and 4 o'clock going both ways. The benefits to be derived from such a service have been brought to my attention by the 1955

report of the Canadian National Railways, where I find this statement on page 7:

There were fewer passengers in 1955 than in the previous year. The number of intercity passengers was up slightly, despite a reduction in immigrant and military travel, but this was more than offset by a drop in the number of commuters—

I should like to digress for a moment to say that in that central area between Toronto and Montreal live many people who work in Kingston. They live in Brockville or Belleville and travel back and forth night and day. A modern service would facilitate their getting to work and would relieve traffic on the highways which are overtaxed at the moment.

The report goes on to say:

—largely the outcome of modifications to suburban service authorized during the year. The increase in patronage of intercity passenger trains was in part a sign of generally more buoyant business conditions. It was also in part a measure of the company's endeavours to stimulate rail travel—new standards of passenger accommodation and meal service, faster intercity and transcontinental train schedules, all-inclusive package tours and incentive fares for midweek excursions and family trips.

I can see from the statistics of the railway that the Canadian National Railways, particularly, in their passenger services, depend a great deal upon the commuters. I believe that the commuter service has not been fully developed, though it has a good possibility of being developed. When we consider that our railways are of such value to passengers and that there were fewer passengers last year than in the previous year, while at the same time we had more population in this country and a greater national growth, we must also consider the other side of the picture, how these passengers are travelling.

One of the best examples would be the bus lines in certain areas, and particularly in those areas in competition with the railways. The bus lines have been running a service that begins when you step into the terminal and continues until you step off at another terminal. My remarks might indicate that there should be a little salesmanship on behalf of the railways, but I feel that when you go into the bus terminal, of which several have been constructed between Toronto and Montreal, you generally find a modern terminal. It is not only attractive to the eye but comfortable for the passengers using the buses. The officers in charge have sufficient space to carry on their duties. There is a good baggage room. There are waiting rooms in some cases that are excelled only by high-priced restaurants. The washrooms are modern and comply with very strict health regulations.

On the other side of the picture, if we turn to page 11 of the report of the Canadian National Railways for 1955, we find under the heading "Property and Service Improvements"—where I presume stations would be dealt with—it states:

In 1955, as in other recent years, substantial capital expenditures were made to improve the railway's equipment and facilities in order to provide better service at lower cost. Much of this investment is based not merely on considerations of immediate return but also on the management's duty to provide a sound foundation for growth. The full benefits of expenditures made under this broader criterion will be realized only over a period of years extending far into the future.

Sometimes it is a good idea to provide better service at lower cost. That might be done in dealing with certain phases of the business. At the same time—again I am particularly referring to this area between Toronto and Montreal where train travel has a preference—you can get a sleeper on the train and have your meals on the train, which some people prefer to travelling on the buses and stopping at terminals. In any case the services in competition with the railways are continually attracting more passengers, from among the public of Canada, as they did a few years ago in regard to freight. This tendency will probably continue because, among other things, the people will be attracted by the terminals, which are not only attractive to the eye but also cater to their comfort. Therefore I suggest that under this item of capital expenditure there should also be added improvements to stations and station facilities, and particularly improvements to those facilities in areas where there is a great travel potential.

In this area between Toronto and Montreal, outside of the two metropolitan cities, I do not think there is any station to be proud of. In most instances they are not exactly attractive and their services are inadequate. I would refer particularly to the Kingston station. This has been talked about by politicians and other authorities for a period of over 30 years, but so far very little has been done. During the war an addition was constructed to the west of the station to take care of the increased passenger services during that period, when so many soldiers were located in the Kingston area. This part of the building is in very bad condition. As a matter of fact, the other day there was a hole in the centre of the hardwood floor that you could put your foot through; and this was at a time when people were asked to pass through it. The waiting room is about as uncomfortable as any waiting room could be.

I have had a good deal of experience in going to police stations and interviewing clients who are held in custody, and I must say that their waiting rooms are much more

comfortable. The office space in that station, as it appears to a layman—I do not know how it appears to a specialist—seems to be too small. There is no restaurant; and this is very important in this area because the location of the station in the city of Kingston is unique. Formerly it was a long way out of town. The city industrially has passed it by now. There is no restaurant service, and there could not be any very close because the railway property extends for approximately one and a half blocks from the station area. The washrooms—and I hate to say it—are of a type that would be considered as standard only in a country with very low living standards.

I therefore make this request and this suggestion in accordance with what has been noted under "Property and Service Improvements" in the report of the Canadian National Railways; that the minister, through his liaison with the Canadian National Railways, again bring to their attention that the stations generally should be improved, but particularly in the city of Kingston. This city is enjoying one of its greatest rates of growth, both in population and the extension of military services in that district, as well as in industry, that it has ever enjoyed. I felt that the discussion of this item today might be as good a time as any to bring the matter to the attention of the minister, the officials of his department and other people who may be interested in it.

Mr. Nowlan: Mr. Chairman, there are various matters which one might discuss under item 1 of the minister's estimates, which concern one of the most important departments with which this committee has to deal. For instance, there is the matter of freight rates that is of particular interest to us in the maritimes and on which one could use the whole 30 minutes for that purpose alone. I do not propose to deal with that today because there will be other items later on, particularly under the Maritime Freight Rates Act, when we can deal with that matter more extensively.

There are one or two matters related to water transportation to which I wish to make reference, and in case the minister may feel that I am somewhat unkind or harsh in some of the statements I may make later, perhaps I should start out by being at least complimentary, and while not indulging in fulsome praise I am sure the minister would welcome any kind words whatsoever from me on an occasion such as this. I do think it is fair to say, as one coming from the maritimes, that we appreciate the improved service being given by the Canadian National Railways, particularly in the inauguration of what one might almost call that new train, the Ocean Limited. We have heard a great deal about the Super Continental travelling across Canada, and we have also heard a great deal about the Canadian, almost the Royal Canadian, of the C.P.R., but I want to say that I think one of the crack trains in Canada today is the Ocean Limited. With its improved service, its modern accommodation, it is something of which we in the maritimes are all proud and for which we want to give full credit to the minister and the department.

The hon. member for Kingston has just been lamenting the fact that people do not travel as much by train as they did at one time. I think that is rather regrettable; and since the hon. member for Vancouver-Quadra pointed out this morning that the Minister of Transport has no responsibility for T.C.A. I am sure he would not mind someone attempting to sell railway transportation, because it does not compete with any other conflicting service of his own.

There was a time, I think, when people thought it was smart to travel by air. Today I think it is smart to travel by train, and the only people who should fly are people who have to. There is nothing more comfortable or better than the train service which we get in this country supplied by both the Canadian National and the Canadian Pacific. The hon. member for Winnipeg South Centre says "in some parts of Canada". Perhaps we are more blest, but in any event I do commend the minister for this particular service. When I refer to the Ocean Limited I also include the other trains operating on the run from Montreal to Halifax, and I commend not only the physical equipment but the dining car and operating crews of whom the minister may well be proud.

I could perhaps make some rather adverse comments on the menus which are supplied in the dining car service. When I do that I am not being critical of the crews themselves. I think it is rather unfortunate that the menus are supplied from the head office in Montreal, because when you go on board the train on the 1st day of the month and see chicken pie on the menu, you know you are going to see it on the menu on the 31st day of the month. A little change in that regard would be helpful, and is certainly one which would also be appreciated by the stewards and all those operating on the dining cars. Many of them have said to me, "If you ever get a chance, tell the minister how terrible this thing is; tell him that we should be given a little latitude and the opportunity to display a little imagination."

Having dealt with land transport, perhaps we might turn our attention to the gr

marine areas which surround the maritime provinces and in which I, of course, am particularly interested. I am not going to recapitulate the history of ferries, of which I know the minister must be heartily weary. In fact we are all in full sympathy with the minister for having come into the department at this time and to inherit the derelict messes for which he is now responsible. I wonder how he can smile. I wonder how he keeps his good looks. I wonder why his hair has not turned snow white.

Mr. Marler: I am smiling at the strong words of my hon. friend.

Mr. Nowlan: The strong words I may use are only those words which I am permitted to use under the rules of the house. If I could use the language which is used outside the house it would be much stronger than anything even the genial chairman now presiding would permit me to use.

I shall deal for a moment with the ferry *Bluenose*. I am sure we are all familiar with the past history of that almost ancient institution, the keel of which was promised in 1949, which we were told would be in operation in 1951 and which last July the minister told us would be operating very shortly.

At that time he was having trouble with worm gears, and he continued to have trouble with worm gears during July, August, September, October, November and December. Then he was faced with the dire possibility, in fact the probability, that the *Bluenose* would be frozen in the St. Lawrence and a roar would go up from the maritimes the like of which had never been heard before. Some of you who have read history know the story of the escape of the *Tallahassee*, that confederate cruiser which came into Halifax harbour during the civil war, sneaked out the eastern passage with federal gunboats waiting for her and made good her escape. The escape of the *Bluenose* from Lauzon and down the St. Lawrence river is comparable only to the escape of the *Tallahassee*, let me tell you. However, the *Bluenose* escaped and she got down into the deep water of the Atlantic at least.

Mr. Marler: Is the hon. member likening himself to a gunboat?

Mr. Nowlan: Likening myself or the *Bluenose*? At any rate, then there was a question whether or not she would go into operation. I say quite seriously, Mr. Chairman, that it would almost appear as if the department and the minister did not have the intention of operating the boat last fall or this winter. There was a great deal of public opinion stirred up about it, and finally the boat went into operation at the end of the year.

When it did, suitable passenger accommodation had not been provided at Yarmouth, and there was another case which would indicate that, despite the long chapter of delays, despite the fact that seven years had elapsed since the boat was first proposed, there was no intention of putting it into operation at least until next spring because the Minister of Public Works was somewhat humiliated by having to construct hasty shelters, build wooden walks over the mud and do a whole lot of other things so people could get on and off the pier and on and off the boat.

At any rate the boat finally got into operation. Speaking of the poor accommodation, Mr. Chairman, I should like to say that back in 1952 the predecessor of the present Minister of Transport said at page 2282 of *Hansard* that his colleague the Minister of Public Works was purchasing that year—that was 1952—the land for the erection of the terminal piers and facilities at Yarmouth, that progress was being made during that year, and that they would be completed long in advance of the time the boat would be ready for operation. Of course it did not require a great deal of prophetic vision to say they would be ready before the boat was ready for operation, but unfortunately the prophet in that case fell down as he did in so many other cases.

As I said, the boat got into operation, and then this sad and sorry story starts all over again. You know, Mr. Chairman, as far as the story of the *Bluenose* is concerned, those of us who are older will remember going to the movies many years ago and seeing the Saturday night thrillers. There was always one chapter each night and then the thriller was postponed until the next Saturday night with the heroine facing disaster and the public left in a great deal of consternation and wonder as to what was going to happen.

The story of the *Bluenose* is exactly like those old thrillers. Something happens from one day to another to keep the public in suspense as to what is going to happen next. The boat was in operation for a little while. Then there was a report that she had suffered damage to perhaps one propeller. Then the boat was continued in operation. Then there were reports that she had suffered damage to perhaps the other propeller. She still limped on, back and forth, between Yarmouth and Bar Harbor. Then finally a couple of weeks ago it was announced that she would be taken off and sent to Saint John dry dock for repairs.

She went into dry dock for repairs. Then last Tuesday—Tuesday of this week—in reply to a question from me, the minister stated that the repairs to the *Bluenose* had been completed the preceding day and that he

would announce as soon as possible when the schedule could be resumed. I asked him again this morning, Mr. Chairman, when the *Bluenose* would be put back in operation again and he said he would inform the house as soon as possible. Again, Mr. Chairman, you get this thriller situation, this being kept in suspense. The minister dealing with this matter is maintaining the very best traditions of Hitchcock, the great dramatic director of thriller movies, in keeping us in suspense as to what is going to happen next with respect to this craft.

I think the minister should deal with this matter. I think he should have dealt with it today. We were told there was damage to the propellers. We were told last Tuesday that the repairs had been completed the day before; that was on Monday of this week. It is perhaps a matter of three hours' sailing time from Saint John to Yarmouth. Why has the boat not been put back into operation? Why has the schedule not been resumed? Why is the minister today, on Friday of this week, in respect of a boat on which repairs were completed last Monday, not able to tell us when it is going to resume operations? Somebody says that perhaps Dan Riley can tell us. I do not know. There are only two reasons, Mr. Chairman. Either this is being used as an excuse to discontinue the operation, which I suggest the minister did not want to start anyway, or else there was far more serious damage done to the boat than has been intimated by the damage to the propellers.

It has been reported in the press, or at least there have been letters in the press—I refer to the Halifax *Herald*—this week saying that one propeller was damaged. They kept that quiet. There were reports that the other propeller was damaged. They wanted to keep that quiet because the chapter of errors was so horrible. Therefore they continued to operate her with a twisted propeller, and as a result they developed a torque, whatever that may be. I understand it is a twist or warp perhaps in the shaft. The minister may therefore be faced—and I hope he will disabuse our minds on this point; I hope I am wrong—with the dire possibility of having to take out those worm gears again. I am fairly sure it cannot be so, because the minister could not look as benign and happy and cheerful as he does right now if that were the case.

Mr. Marler: I was thinking that the worm gears and the hon. member's imagination were working overtime.

Mr. Nowlan: It is no imagination to the people of Yarmouth, Mr. Chairman, who have been waiting for this service for six years, who have had it operating for two weeks and now the Minister of Transport cannot tell them when it is going to start operating again. I wish the imagination of the Minister of Transport would start working, and that he would tell us when it will start. I will give him the opportunity. If he wants a crystal ball, perhaps the Minister of Trade and Commerce who operates the T.C.A. for him will lend him the crystal ball in order to tell us when he will start it again.

Mr. Nesbitt: He has it out on loan now.

An hon. Member: It is up in Laurier house.

Mr. Nowlan: It is all right to treat the matter humorously here, but it is no laughing matter as far as the people in western Nova Scotia are concerned. They were cut off almost entirely from travel service this summer because of a combination of circumstances, for some of which the minister was not responsible. Because of the strike on the *Princess Helene* there was a time when you could not get out of western Nova Scotia except by motor car, because the only other way you could get out was by T.C.A., which was booked up far in advance.

Through the department the minister chartered the O.K. Freight Service, which was to supplement the carrying of fish and other perishable products to Boston owing to the undue and absolutely inexcusable delay in putting the *Bluenose* into operation. The second the *Bluenose* came back the minister took a quick glance at his crystal ball and discontinued the subsidies to the O.K. Freight Service. Now he has told us that he can not be sure whether he is going to restore any service. The fishermen and others in the western part of Nova Scotia are absolutely cut off from any ferry transportation facilities whatever. I think the time has come when we should know definitely when this service is to be started again.

One could discuss the charges which are imposed on truck traffic on that boat, but I think that is perhaps an illusory matter at the moment. Why discuss charges which the minister imposes on trucks when he has not a boat in operation with which to carry the trucks? I understand that after today there will be no further discussion of these estimates for some little time, probably. I hope that by the time we come back to them the boat will be in operation. Then we will be able to discuss these rates. I have telegrams here from several shippers who have used the *Bluenose* service, and they find it cheaper to bring their materiel over to Saint John, across to Digby and back to Yarmouth rather than to bring it by truck on the *Bluenose*.

These were not the promises which were made when this service was first instituted. Then of course there is the question of the final cost of this boat, which the minister can give us when we are discussing the details of his department. So much for the moment for the *Bluenose* which somewhere, somehow, some day, we hope will resume operations between Yarmouth and Bar Harbor.

Incidentally, when the minister deals with this matter I should like him to tell the committee whether the damage to the *Bluenose* was occasioned by the fact that they did not put fenders around the pier at Yarmouth because they did not plan to start operations this winter. That at least is the report from those who are familiar with the situation, that all you had at Yarmouth was a cement pile, this pier out there in midstream, and that is why we had damage to those two propellors; that the fenders should have been installed before the boat was put into operation. That is another question which can be determined when we come to the details.

Certainly nothing could have been more unsatisfactory than the statement which was reported to have been made by the minister to the press; I refer to the Halifax *Herald*. No quotes were used, but the statement was to the effect that they were not sure whether the damage to the propellors was done by a collision with the pier at Yarmouth or by collision with the pier at Bar Harbor or a collision with some submerged object in midstream. The captain and crew of the *Bluenose* are able and experienced seamen. No boat could suffer damage such as that without the captain and the crew knowing fairly well where it happened, and you would not be as indefinite in your description as the statement which was reported to have been given by the minister to the Halifax *Herald* in explaining how this damage occurred.

So much for transportation in the western part of the province. I turn for a moment to transportation in the eastern part and the other ferry service, the *William Carson*, which was to operate between North Sydney and Port aux Basques. The minister discussed that matter fully when we discussed his estimates in July of last year. Without going into the details I simply want to repeat again the information he gave us that day. The minister said he estimated, or that his departmental officials estimated, that when the *William Carson* was completed the cost would be $11,500,000. He also said at that time that he never could find out where anyone had ever suggested that the estimated cost would be less than $7 million, because he said that was not the original estimate supplied by his departmental officials. If the minister will look at *Hansard* of May 16, 1952, he will find that his predecessor in office told this committee that the cost of the *William Carson* would be $6 million. Then it went up to $7 million, to $7,500,000 and finally we were told last July it would cost $11,500,000. I should like to know whether or not that includes all the costs, or whether the Canadian National is also making a further contribution.

I wonder how much more is to be expended in so far as the harbours are concerned. How much more is to be paid for dredging; how much more for harbour construction? How much more is to be paid for the experts who have been brought in for consultation? Then, Mr. Chairman, in dealing with the *William Carson*, one must not forget the containers piled in a field at North Sydney. This winter we had the heaviest snowstorm we have had in a hundred years. We have had over 100 inches of snowfall on the level this winter. I wonder if these aluminum containers are heavy enough to maintain that weight of snow. A year ago we found out, for some reason which I cannot understand but apparently there was a reason for it, that in order to equip the *William Carson* the department built 500 aluminium containers in which to move the freight. These containers cost almost $1,000 each, and for over 2½ years they have been piled in a field near North Sydney. These containers cost approximately $500,000, and whether or not that is part of the $7,500,000 expenditure I do not know.

In any event, Mr. Chairman, including the expenditures on the vessel itself, on the harbour at North Sydney and on the harbour and dredging at Port aux Basques, last July the minister estimated that the total expenditure on this project would be $21,760,000. Here we have an expenditure of $21,760,000 to operate a ferry between North Sydney and Port aux Basques. Where is that ferry now? It is a beautiful boat.

An hon. Member: Who knows?

Mr. Nowlan: We do not know where the *Bluenose* is, but at least we have some idea, I hope, as to where the *William Carson* is. This boat was named after William Carson. I looked up the encyclopaedia this morning and learned that although he was not one of Newfoundland's sons, he was a distinguished man who came to Newfoundland and made a tremendous contribution to that province in the early part of the 19th century. I can tell you this, that he would find it a lot easier to get to Newfoundland in the days when he came there than he would today if he had to travel on the *William Carson*.

This boat is equipped to carry 250 passengers, with staterooms of the most palatial kind. It is equipped to carry scores of automobiles on automobile decks. What is she doing? She is cruising back and forth presumably, Mr. Chairman, if she has not broken her propellers or had some other mishap like the *Bluenose*, between North Sydney and Argentia carrying a few hundred tons of freight. Her passenger accommodation is empty. Her 250 staterooms are empty and gloomy and the automobile decks are also empty and gloomy.

Those who come from the sea remember the story of the *Marie Celeste*, a ship that was found drifting with her sails set and fully equipped but without a living soul on board. Something had happened to the passengers and something had happened to the crew. They had all disappeared. The *William Carson*, Mr. Chairman, is the *Marie Celeste* of the Department of Transport and make no mistake about that. It is all very well for us to laugh, but if anyone ever read this in any of the comic books he would never believe it. No one could ever conceive that such a thing could happen, even with a government that is as old and decrepit as this government. You would not think such a thing could happen.

Mr. McCann: You are just a kid.

Mr. Nowlan: Here you have this palatial liner, which cost twice as much as it should and which every expert in Newfoundland, every mariner on the Atlantic coast advised against, running back and forth carrying a little freight to Argentia. It would be a lot better for the department to put her in the mothball fleet like the royal navy does and charter a couple of small freighters. They would be able to carry just as much freight back and forth, and do it as efficiently as this white elephant.

I could go on, but I see it is almost five o'clock and this debate must stop. Two years ago in reply to a question by the hon. member for Vancouver-Quadra about experts, the Minister of Transport said—and I am only paraphrasing—the Department of Transport had the best experts in the world. Referring to this ferry he said it was a combined land and sea operation, and that was why there were experts from the Department of Transport to look after this matter. Then last year we were told that not only did we have experts in the Department of Transport, but we had experts from the Department of Public Works and experts from the Canadian National. All these experts got together, and do you know what they finally did? On September 24 a press conference was held by the Minister of Transport, the Minister of Public Works and that lineal descendant of John Sebastian Cabot who first discovered Newfoundland, the Minister of Citizenship and Immigration. They gave out a statement in which they said they had consulted this British expert whose name was R. D. Gwyther. The press report went on to say this:

> Great was the satisfaction of the ministers that the British expert had confirmed their belief that the dredging operations at Port aux Basques had not ruined the harbour.

Is it not wonderful? We have the experts from the Canadian National, the experts from public works and the experts from transport, and they bring in an expert from Great Britain who says, "Thank God, boys, you did not entirely ruin the harbour but you spent $23 million".

Mr. Marler: I would say that was a very liberal paraphrase, Mr. Chairman.

The Chairman: Order; it is five o'clock. Shall I rise and report progress?

Item stands.

Progress reported.

PRIVATE BILLS

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY

The house in committee on Bill No. 148, respecting Quebec North Shore and Labrador Railway Company—Mr. Brisson—Mr. Applewhaite in the chair.

The Deputy Chairman: This bill comes to us from the standing committee on railways, canals and telegraph lines.

On clause 1—*Extension of time for completion of line.*

Mr. Green: This bill is entitled an act respecting Quebec North Shore and Labrador Railway Company. In the year 1947 this house passed a private bill incorporating that company, and it was set up as a subsidiary of the Iron Ore Company of Canada. The act passed at that time gave the company the power to construct a railway from Seven Islands on the north shore of the lower St. Lawrence up into the iron ore deposits where the boundaries of Labrador and Quebec meet. In addition it gave the company power to extend that railway right through to Ungava bay.

The charter is one containing very wide powers. For example, the company was given the right to generate electric power, to operate telegraph and telephone systems, to operate vessels, construct hotels, to establish and operate a motor vehicle service, and even to construct pipe lines. In addition, the company was given the right to acquire, own,

maintain and operate aircraft and other aerial equipment. The section of that original act which is pertinent to the discussion today is section 19, which reads as follows:

The company may, within five years after the passing of this act—

The act was assented to on May 14, 1947.

—commence to construct the line of railway, and may within 10 years after the passing of this act—

That would be at any time up to May 14, 1957.

—complete the said line of railway, and if within the said periods respectively the said line of railway is not commenced or is not completed and put in operation, the power of construction conferred upon the company by the parliament of Canada shall cease and be null and void as respects so much of the said line of railway as then remains uncompleted.

I might point out that the shareholders of this railway company consist of certain individuals most of whom are Canadians. Among them they hold 140 shares. The balance of the issued shares, numbering 19,860, are held by the Iron Ore Company of Canada Limited, so that in effect this railway company is owned exclusively, with the exception of a certain number of qualifying shares, by the Iron Ore Company of Canada Limited. That company is owned by various groups amongst which, I believe, there are three Canadian companies: the Hollinger North Shore Exploration Company, the Labrador Mining and Exploration Company and the Hollinger Consolidated Gold Mines. Between them these companies hold 25 per cent of the issued shares of Iron Ore Company of Canada Limited.

Mr. Marler: Are we talking about the Iron Ore Company?

Mr. Green: Yes. This company is the owner of the railway company. The remaining 75 per cent of the shares of the Iron Ore Company of Canada Limited are owned by M. A. Hanna Company, Hanna Coal and Ore Company, National Steel Corporation, Republic Steel Corporation, Armco Steel Corporation, Wheeling Steel Corporation and Youngstown Sheet and Tube Company, all of which are United States companies and are, I believe, centred in the city of Cleveland. In any event the control is centred there.

The bill which comes before the house today seeks to extend the time within which the company can build to Ungava bay for a further period of ten years. If the bill becomes law this railway company will in effect have been given the franchise for 20 years to build this line from Seven Islands to Ungava bay. They have already completed the line into Schefferville which is, I believe about 375 miles. That is where their huge iron ore deposits are located, and of course it was for the purpose of getting at these iron ore deposits that the railway was built. They are now asking for an extension for a further period of ten years during which time they can complete the line from Schefferville up north of Ungava bay.

The questions which came up in the standing committee on railways, canals and telegraph lines had to do with the wisdom of granting an extension for that length of time. I do not think there was anyone on the committee who felt it would be unreasonable to give this company some extension, but some of us believe that it should not be given an extension, of 10 years at this time. We suggested that it be given an extension of five years. Mind you, that would commence from the year 1957 so that in effect the result would amount to an extension of six years from the present time. But if the company is given a 10-year period it would mean that for 10 years they could, if they saw fit, simply hold this power and yet not take any steps to extend the railway to Ungava bay.

Actually their main objective was to get at the iron ore deposits at Schefferville. I would doubt that their main object was to extend the line to Ungava bay. Extending the line to Ungava bay is not the main business of this company at all. It is simply an additional prospect of business.

Those of us who questioned this long extension felt that it was unwise under the circumstances to give this company what might amount to a stranglehold over the country north of Schefferville for a period of ten years. Why should the company not be content with an extension of five years, and then if they had any idea of extending the line, let them come back to parliament? Parliament would at least have the right to review the situation.

This is not like a Canadian National Railways extension. There have been different bills put through in recent years permitting the Canadian National Railways to construct branch lines. In each case this has been done in the national interest. Take for example the extension from Sherridon to Lynn Lake in northern Manitoba, the extension from Terrace to Kitimat in British Columbia, and the extension which is now being built into the Chibougamau country in Quebec.

These extensions were all made in the national interest, but in the case of the Quebec North Shore and Labrador Railway Company you have a corporation whose main interest is to get at its own iron ore deposits. The company is not motivated by the national interest at all; in fact it is controlled in

Cleveland. This is a United States corporation controlled in Cleveland, and it is under no obligation to develop this particular part of the country in the national interest.

Mr. Durrell is the vice president and general manager of the Iron Ore Company of Canada, and when he appeared before the committee I asked him whether I was right in suggesting that the company could just sit and hold this right to extend the line during the next 10 years and do nothing. The question and answer, to be found on page 17, were as follows:

Q. If you had an extension for 10 years, from 1957, not from 1956, really for 11 years, then you would not necessarily have to do anything whatever about seeing to that railway for 11 years; yet your right would exist. Isn't that correct?
A. That could be right if there was no traffic.

Mr. Carrick: Would the hon. member read the next question and answer in order to get a clear picture. On a point of order, my submission is that by reading only the part he has read the hon. member has not given a complete picture. Read the next question and answer.

Mr. Green: I am reading from this evidence the part which is pertinent to my argument. If hon. members wish to read other questions and answers they are at perfect liberty to do so. The point of order raised by the hon. member for Trinity is ridiculous. It is not a point of order at all.

Mr. Rowe: Just a point of opinion.

Mr. Green: The hon. member for Dufferin-Simcoe suggests it is just a point of opinion. The reason this matter is important is that there are great prospective developments in the area north of Schefferville. Mr. Durrell explained to the committee that there is an iron ore-bearing strip running in a northwesterly direction right up to Ungava bay, and to the east and running parallel to it is a base metal strip.

Other companies are now exploring in this district. A press despatch just four days ago reported that Lake Shore and associates were planning an exploration program in this portion of northern Quebec. When the bill was under discussion in the Senate, Hon. Mr. Power had this to say, and I quote from page 135 of the Senate *Hansard*:

Perhaps a line there would not be a very remunerative proposition at the present time, but things are moving so rapidly in that section of Canada that there is no reason why construction should not proceed rapidly.

The section north of Schefferville may very well become one of the most important mining areas in the country. If we are to have the position that this Iron Ore Company, controlled from Cleveland, Ohio, and having a right of way into its own iron ore deposits, has the right at any time during the next 10 years to build further, then I suggest to the committee that there is a great danger that the Iron Ore Company may have a stranglehold upon any potential competitor in the area north of Schefferville.

I submit that it should not be given that right, certainly not for a period longer than five years. No one is objecting to them being given an extension for that length of time. I do not say they would stop other iron ore development to the north by other interests—they might be only too glad to have traffic for the railroad, and I hope that would be the case—but why should this parliament hand them a blank cheque for a period of ten years?

There is no rhyme or reason in granting an extension for that length of time. It was said in the committee that I was trying to compel them to start construction at once, but there was nothing of the sort. I am simply saying that if they are given an extension of five years it will mean that they will have had 15 years in which to build this line. If toward the end of that time they indicated that they were intending to go ahead and complete the extension of the line they would have no difficulty getting the right to do so from this parliament. In the meantime other people who were carrying on development work in that area would not be under the handicap of having to go hat in hand to the Iron Ore Company of Canada in order to be sure they would be able to get out their minerals.

I think we should keep in mind that this Iron Ore Company of Canada is not doing any processing of this ore. They are simply taking it out of the Canadian ground and shipping it away. I inquired about this of Mr. Durrell, and I should like to quote the questions and answers to be found on page 26, as follows:

Q. What is your total production for this year?
A. For 1956, 12 million tons. We hope to establish 12 million. But that is problematical. It depends upon too many other factors.
Q. Out of 12 million tons, between 8 million and 9 million will go to the United States?
A. Yes. We also import quite a bit of ore from the United States into Canada. At present the Steel Company of Canada has an interest in a mine in the United States and they get a lot from there.

Previously Mr. Durrell had said they would probably sell 2 million tons this year in Europe and 1 million or 2 million tons in Canada. I then asked:

Q. Is the ore which you sell smelted by your company in any way?
A. The ore we sell is just raw ore.
Q. You are merchants of raw iron ore?
A. That is right.

If this company were processing ore in Canada they might have a greater claim to this extension for a further period of 10 years, but they are not. They are just digging it out and shipping it away, and Canadians are buying back at least some of that iron ore from the United States in the form of finished steel. I do suggest that it would be wise on the part of this committee to change this bill to provide that the extension shall be for a period of five years rather than 10 and I therefore move:

That clause 1 be amended by deleting the word "ten" in line 9 of the bill and substituting the word "five" therefor.

Mr. Carrick: Mr. Chairman, I should like to come directly to the point before the committee, the period of time. It seems to me that this committee should deal with the matter on the basis of the evidence given before the committee on railways, canals and telegraph lines. Mr. Durrell, the vice president of the company, stated that it would take at least three years for the company to decide whether ore had been proved in sufficient quantities to warrant the construction of the railroad, and that it would take six years to construct the railroad.

It is through extremely difficult terrain north of Schefferville to Ungava bay. If I might have the indulgence of the house, I shall quote what Mr. Durrell said on those particular points. The question the hon. member for Vancouver-Quadra put to Mr. Durrell, immediately after the part he has himself read, on page 17, is as follows. The hon. member for Vancouver-Quadra asked:

Q. Have you any particular objection to getting an extension of five years instead of ten years?

A. Having in mind the length of time required to make surveys, five years is not enough.

As recorded on page 18, the hon. member for Lambton West asked this question:

Q. I wonder whether from your own knowledge or from the knowledge of your experts—supposing you were to start the railway extension—you could say how long it would take. Suppose, for example, you start next year.

A. It would take a minimum of four years unless of course we did something like we did on the other section, that is, flew in all our supplies at a fantastic cost.

Q. If you had an extension of five years from next year, that will give you six years will it not?

A. Yes, but we would require at least two or three years to make surveys before starting construction.

A little later on, as indicated on the same page, the hon. member for Lambton West asked:

Q. Suppose you were granted a five year extension together with the year ahead of us, which would give you six years, could you complete the project in that time?

A. No, we could not. We would not be able to make our surveys and complete it.

As recorded on page 19—and this is the last I shall read—I asked the witness the following:

Q. Have you in mind any estimate of the time likely to be needed for this construction?

A. My understanding is that it would take at least six years.

Q. Would you feel justified in commencing the construction of the railway right away? I understood you to say earlier that the date of beginning construction depended upon exploration to be carried out in the northern territory.

A. There is nothing at the moment to justify the construction of a railway. Surveys show areas which may be suitable for mining development, but so far, as I said, we know of nothing which would justify beginning construction.

Q. So in addition to the six years you think it would take to complete the project you would need to have a period of time in which to consider whether it would be justified to begin construction?

A. It would take at least three years to locate sufficient tonnage.

I think the evidence before the committee makes clear beyond any doubt that a minimum of nine years would be required by the company. Mr. Durrell, the vice president, himself says that the five years proposed in this amendment is not sufficient. The hon. member for Vancouver-Quadra has mentioned in this house that the granting of this extension of ten years would give a stranglehold to this company. It is difficult for me to see how there can be any stranglehold when any other company could apply to this parliament for a charter to construct the railway.

The question was asked whether this company had an exclusive franchise, and of course the answer is no. There is nothing to prevent any other company from making application for a charter and constructing a railroad if it so desires. Under the Railway Act if any company did so, this company would be obliged to connect up with that railway and carry the goods south from Schefferville to Seven Islands.

My submission to the house is that it is introducing irrelevant circumstances to argue that our judgment on the question of the length of time should be affected by the question of who owns this company. The matter before the house is not as to whether it is a good or a bad thing for Americans to bring capital into this country. Perhaps I should mention that Mr. Durrell's evidence was that this railway company had spent $123 million in construction of the railway from Schefferville to Seven Islands. In addition, the Iron Ore Company of Canada had spent an additional $132 million. He gave a total figure of $255 million. Neither the railway company nor the Iron Ore Company has taken a cent out of this investment or received any return on it to date.

Mr. Cavers: Like other hon. members who sat on this committee, I heard the evidence

that was adduced by Mr. Durrell, who was called as a witness for this company, and I think it must be accepted that his evidence was given in a very straightforward manner. He stated that in the beginning his company had shown great confidence in the area by investing large sums of money in the development of the iron ore area and in pushing the railway from Seven Islands to Schefferville.

He stated in his evidence that opportunity had been given to four Canadian insurance companies to invest in this development, and that the offers had not been accepted. So I feel that this company has shown its good faith in the development of the area by pushing the railway line from Seven Islands through to Schefferville during the first period of ten years.

The company now wishes to extend its line farther to Ungava bay, and it is not for its own purposes alone that it intends to do this. When questions were put to Mr. Durrell he said the railway would endeavour to carry any passengers and any other freight that was offered in that area; and it must do so under the provisions of transportation legislation in this country. The area has not yet been proved. As has been said by the hon. member for Trinity, it will be necessary for surveys to be conducted, taking over a period of three years, before this line can be undertaken. The completion of the line will take from five to six years, making a total of not less than eight years. I believe that reasonable businessmen would hesitate to undertake a proposition of this kind if they were limited to a period of five years during which they would be obliged to complete this portion of the line.

The bill says they must complete this portion of the line within a period of 10 years. I believe it is important to provide this type of transportation into the northern part of the province of Quebec. This company does not ask for a subsidy. It is not asking for the investment of any public moneys in this enterprise. All it asks is the opportunity to complete this line within a period of 10 years, which seemed reasonable to the majority of the members of the committee.

Mr. Hodgson: Like the previous speakers, I sat on this committee. I was also a member of the committee in 1947 when this company came before this parliament originally to obtain a franchise to build this railroad. At that time the company assured the committee that 10 years was a long enough period to complete this railroad. In that respect they have not lived up to their obligation, but these things are sometimes estimated wrongly.

Nevertheless the company has built some 355 miles of this railroad at a cost to it of $123 million. Like so many other companies in Canada, it is owned, controlled and operated by United States interests, and the ore, as we know, is being shipped to United States ports for use in the manufacture of steel in United States factories. This is one more example, as far as I can see, of this government giving control of a great land mass and a potential mining area into the hands of Americans. By owning the railroad and having built it over half the way, the Quebec North Shore and Labrador Railway Company has three strikes against any other company which might be a potential producer of minerals in that area.

The company has come back to parliament, and I understand the purpose of the bill is to extend the time limit for another 10 years. The members of the committee in 1947 were not all the same members of the present committee, but they were the same kind of people with the same thoughts. This committee will sit next year and five or six years from now whether or not the present members are still members of it, and I think those who are members at that time will be just as good thinkers, just as enlightened, and will have the interests and welfare of Canada just as much at heart as we have.

It seems to me that five years is long enough to extend the period of time when the company was so sure 10 years ago that they could build the whole line in 10 years. The present extension is to commence after 1957, and if they are given five years it will really mean that they will have six years to extend the railway. When Mr. Durrell was giving evidence to the committee he was asked this question by the hon. member for Lambton West, as found at page 18 of the proceedings of the committee:

> Q. I wonder whether from your own knowledge or from the knowledge of your experts—supposing you were to start the railway extension—you could say how long it would take. Suppose, for example, you start next year.
>
> A. It would take a minimum of four years unless of course we did something like we did on the other section, that is, flew in all our supplies at a fantastic cost.

This is the vice president of the company. He is a man who should know what he is talking about, and I think he does. He stated that they could build the railway in four years without going to the extra expense of flying in equipment and supplies. In another place in the evidence he also said that it would take two or probably three years for the surveys. That makes a total of six years. The amendment moved by my colleague the hon. member for Vancouver-Quadra would give the company their full quota of six years.

In any event, if the company made a reasonable start within the period of five or six

years and then came back to parliament again there is no doubt in my mind that the same committee and this same parliament would be willing to extend the time for two or three years or even five years more to allow them to complete the line. There are many other companies prospecting in that territory. Since the bill came before parliament the stock of one company has dropped about $1 a share. Probably they have been talking to some of the Liberal members who seem to be so interested in pushing through the 10-year extension.

As a Canadian I do not like to see a whole area of our country, probably 300 miles square, all of which is a potential mining area, tied up or handicapped in any way whatsoever by any company irrespective of the country from which it comes, and at the same time I think we as Canadians should protect and save some of our resources for the use and benefit of Canadians. It seems to me that year after year we have seen one bill after another of this type come before parliament. It appears that we are all too willing to hand over our resources to people from the United States.

This is probably a small matter compared with some of the bills that come before the house, but let us make a start now to conserve some of our natural resources and the wealth of this country for Canadians of the present and the future.

Mr. Gillis: Mr. Chairman, before I get into the main stream of the discussion on the bill I should like to say a few words respecting something that arose during the debate on second reading of the bill on Friday, March 2. The bill was sponsored by the hon. member for Saguenay. When the hon. member for Vancouver-Quadra asked him to give an explanation of the bill he made that explanation in the French language. I happened to follow the gentleman who sponsored the bill, and when I rose to my feet I made this observation as found at page 1778 of *Hansard:*

> . . . I listened to the explanation of the hon. member for Saguenay with a great deal of interest but very little comprehension. However, I imagine he would be at the same disadvantage if I addressed the house in my mother tongue, which is Gaelic, so I make no apologies for not understanding him.

That was more or less thrown in for kicks, Mr. Chairman. I imagine there is nobody in the house who is more tolerant on any subject than I am. I know that most of us who cannot speak French regret it, but we just did not happen to be born in a part of the world where it was necessary.

My main reason for raising this question, and I do not do this very often, has to do with an editorial that appeared in a Montreal paper, *Le Matin,* on March 12, 1956. The editorial in the French language was sent to me by a friend of mine in Montreal. I had it translated by one of the translators in the building, so there is nothing wrong with the translation. I want to read that editorial, Mr. Chairman, just to show how one can be misinterpreted.

The Deputy Chairman: I hesitate to interrupt the hon. member, but the debate at the moment is on an amendment with respect to whether the time limit shall read 10 years or five years. I am not sure in my own mind whether the point which the hon. member for Cape Breton South wishes to raise is of the nature of a matter of personal privilege, in which case the committee of the whole is not the place for it, or whether, as I think is perhaps more likely, it deals with whether or not clause 1 of the bill shall pass in which case, not having heard the editorial, I would express the opinion that it might be in order on the clause but I do not think it is in order on the amendment. The hon. member, who has the editorial before him, will understand the point I am making and will most likely be able either to agree or disagree with me on that particular issue.

Mr. Gillis: Mr. Chairman, I could have raised this matter at the opening of the house on a question of privilege and held up the house when there was perhaps something important to come before it. I figured that this was a better place to waste time than on the orders of the day or at a time when the house was liable to be busy. It is a question of privilege and it has to do with the very debate as a result of which the bill was sent to the committee.

The Deputy Chairman: Order. I hesitate to appear to be harsh with the hon. member, for whom the whole house has great affection and undoubtedly the house would like to see rectified on a question of privilege any matter concerning which the hon. member might feel he was injured. However, in view of the remarks he has just made, I feel it is my duty as chairman of the committee to rule that he would not be in order on the amendment moved by the hon. member for Vancouver-Quadra, and I doubt if he would be in order in committee on a clause by clause discussion. But if his remarks deal with whether or not the bill as a bill should pass I am sure they would be in order in the debate on third reading of the bill. Perhaps others who have knowledge of the material that the hon. member has would like to express an opinion. At the moment it is my view that he is not in order in pursuing the matter.

Mr. Gillis: You have not heard it yet.

Mr. Fulton: On a point of order, might I perhaps be allowed to say that it seems to me difficult to rule now that a matter arising directly out of a previous debate in connection with this bill would not be in order at this stage. Since the hon. member has gone this far, perhaps the best way to judge the matter, Mr. Chairman, would be if you were to permit him to continue to read the editorial. Then Your Honour would have it before you and the rest of us would have it before us, and a decision could be made. It seems to be difficult to decide these points until we know what the editorial is.

The Deputy Chairman: From the remarks which have already been made by the hon. member for Cape Breton South and the introductory remarks in which he quoted part of the previous debate, I submit it is obvious to members that the editorial to which he refers does not deal with the question as to whether an extension of time should be for five years or for 10 years. We are in committee. But even though we are in committee on a private bill, and although some members might perhaps think we might relax a little bit under those circumstances, I still feel that I am bound by the standing order which states:

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

The item or clause under consideration is the amendment that the word "ten" in line 3 of clause 1 be deleted and the word "five" substituted therefor.

Mr. Gillis: Mr. Chairman, I will just say this. This editorial is a falsification of the records of this house. If newspapers can take material that is put on record in this house and use it in any way they see fit out in the country, it is nearly time the members of this house found out about it. I am not going to pursue the matter any further now. You will get it on Monday, on a question of privilege.

The Deputy Chairman: I do not like to butt into the speech of an hon. member on my own initiative but I think I should say that, under the circumstances which he has just described, it would be his duty to bring the matter before the house when the Speaker is in the chair, not when the house is in committee of the whole.

Mr. Gillis: How can you rule something out of order that you did not hear? It is not like you, Mr. Chairman. As a general rule you are a bit flexible and understanding. There is such a thing as getting a bad lunch sometimes.

[The Deputy Chairman.]

Mr. Knowles: Maybe he did not have any breakfast.

Mr. Gillis: With respect to the subject matter before the committee, namely an extension for 10 more years to the Quebec North Shore and Labrador Railway, may I say that of course the mistake that was made by this house was made in 1947 when the first franchise was granted. At that time I happened to be one of those who moved an amendment that the subject matter should go to a committee for the purpose of the committee studying it and determining whether or not the Canadian government should at least hold the transportation lines in that area in the interests of the Canadian people, as the province had already given away or leased the resource.

The 325 miles of that line have been completed and it is operating and making money, according to the evidence before the committee. The same company makes application to extend that line from Knob Lake to Ungava bay. Their lease does not expire until next year. They still have a year to go. They come before this committee and state that they are not sure whether a railroad is needed in there or not, that they have not made the survey and they do not know what is there. They say it may take them three to six years to do that survey. In the meantime, however, they have the whole area tied up so that no one else can go in there and do anything else with it.

Mr. Marler: I do not think that is right, surely.

Mr. Gillis: That is according to the evidence given before that committee, as I read it. If it will take them three years to do the survey and they still have another year to go, that is four years. This bill does not become operative until 1957. That means there are four years in which they do not have to do anything except survey. The hon. member down there mentioned six years; that it might take them six years before they are sure whether the line is necessary or not. In the meantime they may hold that lease for ten years and the survey may show that it would not be profitable to build the line in there for the purpose of taking out iron ore and so on. But in the meantime the franchise is let and the territory is tied up. If it is going to take them four years before they can determine whether a railway is needed, what is the hurry about the extension of the franchise? Why is everybody in such a hurry?

The hon. member for Vancouver-Quadra moved that we curtail the time to five years. I do not think his amendment is what it should be. It is cutting down the time all

right, but it does not provide that any construction should be commenced. I think he should have said "a time limit of five years with construction to commence within a reasonable time". I think even five years is too long to tie up a whole area like that. Someone else may want to go in there.

As I said when the bill was up for second reading, as far as I am concerned the iron ore resources have been leased by the province. We could not do anything about that matter. But in my judgment the future of steel is tied up with these iron ore resources in Newfoundland, and steel is basic to the whole economy of this North American continent which is a highly industrialized section of the world. The country that controls those huge resources in the future is going to control the future of the North American continent.

I believe the Canadian people should have had some stake in that area, but the province has leased the territory. The mining companies built mining towns, and they are run as mining towns. They own the transportation system in the area. This is our last chance, I believe. I know that the Canadian National Railways have done a good job this past year. They made a profit for the first time in many years. They have streamlined their operations. I think it is still not too late for us to consider whether or not we should give the Canadian National Railways an opportunity of going into that area and at least holding 300 miles of railroad as a stake in the right of the Canadian people.

Transportation has a great deal to do with the development of an area. If the Canadian National Railways were in there, with the facilities and the research experts they have, and if they built that road, they might develop the area in the interests of the Canadian people. As for myself, I think that suggestion should still be given consideration. I do not think we should even tie that area up for five years, in the hands of people whose main interest in this country is not inspired by patriotism or a desire for the development of the country. Rather their interest is to siphon off its raw materials and sell them back to us at the highest possible price. That is my opinion.

The five years is a modification of what the bill asked for, but I still do not like the idea of handing over completely 635 miles of railroad line to people who are largely financing that undertaking with United States capital and, who are in my judgment, tapping the very life stream of North America in these iron ore resources.

I believe we should still consider giving the Canadian National Railways an opportunity of going in there and building a line. If the line becomes unprofitable in the years that lie ahead, certainly it will be unloaded on the Canadian National and they will have to pay the bill. I think now is the time to give them a chance to go in there and do some development work. I hope that before this bill finally passes, the minister or someone will tell us whether or not the Canadian National Railways were ever given an opportunity to bid on it. Could they do it, and would they? I know they could because they have the facilities. I still think they are the people who should build that line.

I will vote for the amendment because five years is better than 10 if you are doing to tie up the territory without any assurance of development so far as the railway is concerned. This merely gives them the right to hold that area pending their exploration, and 10 years from now they may tell you they are not going to build the line there at all. I have given my opinion, and I do not wish to delay the house any longer. However, I hope you are in the chair on Monday, Mr. Chairman, when I rise on a question of privilege to straighten the record of this house on the first part of this debate.

Mr. Byrne: At the outset I want to say that if the Canadian National Railways are going to undertake any large extensions within the next few years there are definite areas in which ore bodies of lead, zinc and so on have been established, and in which those extensions should be undertaken. In my opinion the Canadian National should not be permitted to go into the far northern part of Quebec to build a railway when another company has already undertaken to do so.

My principal reason for rising is that I resent Conservative members taking the attitude that when government suporters are not prepared to force free enterprise into some project that is not economic at the moment, they are in effect selling Canada short and selling out our resources to huge United States companies. It looks as though the only people in this house who have any sympathy now for capital and the great things it is doing for our country are the people on this side of the house.

Mr. Bell: United States capital.

Mr. Byrne: The Social Credit party apparently does show some consideration for capital, and just as long as they leave out the funny money aspect I believe they do know the economic facts of life.

Some hon. members have referred to United States capital. Certainly United States capital is coming in. Capital represents an

accumulation of labour, and capital investment in this country can do nothing but raise the standard of living for the working people. I first read this type of discussion in the Toronto *Tribune*. If we in this country were to be judged by association, as they are in the United States, I would probably be known as a communist. I want to say that this type of thought originated with the labour progressive party. It is nonsense to talk about capital coming in and taking out the resources of this country. It is developing the country, and I for one am going to support this.

Mr. Stuart (Charlotte): May I ask the hon. member a question?

Mr. Byrne: Yes.

Mr. Stuart (Charlotte): Where is the raw material coming from for that enormous development in Kitimat?

Mr. Byrne: Yes, that is a very good question. It comes from South America and is being manufactured in this country. We have heard so much nonsense here that perhaps I am speaking a little bit strongly. This company has spent a large amount to build the railway to Schefferville, because it was necessary in building up the project. Most of the transportation of supplies was done by air. They have shown that the line will be a very expensive project. The terrain is very difficult, and no one showed that it was economic to move ahead at this time. If the line were completed to Ungava it would mean that the iron ore would be going out through Ungava for export. The objection the Conservative party has is that this ore is going out of Canada for manufacture. Certainly if the line were completed to Ungava the iron ore would be exported, because it is unlikely that it would be brought away around by water down to Canadian ports. These hon. members are inconsistent.

I would take more time and say more if it were not for the fact I should like to see this bill passed this afternoon.

The Deputy Chairman: Is the house ready for the question?

Mr. Langlois (Gaspe): Mr. Chairman—

Some hon. Members: Six o'clock.

Mr. Langlois (Gaspe): May I call it six o'clock, Mr. Chairman?

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: As I said last night, Mr. Speaker, Monday will be private members' day. On Tuesday, we shall take second reading of the Canadian Farm Loan Act; second reading of the Industrial Development Bank Act, and as hon. members will recall I said that both of these would go to the banking and commerce committee. Then we shall take the resolution with respect to the trans-Canada highway.

Mr. Knowles: Can the minister tell us yet when it is intended that the debate on the budget will be resumed? Will it be before Easter or after?

Mr. Harris: I am sorry, but I cannot be positive about it. I will hope to be by Monday.

PRIVILEGE

MR. GILLIS—REFERENCE TO EDITORIAL IN "MONTREAL-MATIN"

Mr. Clarence Gillis (Cape Breton South): May I have the indulgence of the house a minute or two, Mr. Speaker, to do something that will save time on Monday? Hon. members heard my reference to this editorial which, in my judgment, falsifies the records of this house. If I have your permission to continue, Mr. Speaker, on a question of privilege, I may say that I have already placed on the record the short paragraph upon which this editorial was based. The article was sent to me from Montreal by a friend of mine, and I have had it translated. It is from the Montreal newspaper *Matin* and is dated March 12, 1956. I am going to read this just to show hon. members how badly editors can twist discussions in the house. It starts off like this, "Mr. C. Gillis and the French Language"; that is the caption. The article reads:

> A little more than a year ago, a group of C.C.F. members, Messrs. Regier, Argue, Winch, MacInnis, and even the great leader, Mr. Coldwell, delivered on Maillardville and the province of Quebec a series of speeches which proved once more that this party does not forgive us our anti-socialist attitude.
>
> According to those people, it was clear that we should expect straightforward centralization.
>
> And, now to celebrate the anniversary of this demonstration of hatred against us, another C.C.F. member, Mr. Clarence Gillis declared—

I want you to note that word "declared".

> —that the advent of a socialist government would mean not only one government, but also one language.

There was no declaration along those lines.

> A member from the province of Quebec, Mr. Lomer Brisson (Saguenay), had just explained in French the purpose of a certain bill. After he had finished talking, Mr. Gillis rose to say that he had listened to the explanation of his colleague with a great deal of interest, but very little comprehension. "However," he added, "I imagine he would be at the same disadvantage if I addressed the house in my mother tongue, which is Gaelic, so I make no apologies for not understanding him."

As I explained a few moments ago that observation was thrown in for kicks. It was put in a jocular manner.

Mr. Harris: And was so taken by everyone.

Mr. Gillis: I think everyone in the house understood that. The report continues:

If Mr. Gillis has no apologies to make because he did not understand the French-speaking member, he should not boast about it. And he shows a wrong attitude and a strange spirit of Canadian citizenship when he compares French with Gaelic and puts them on the same level.

I am sure my Scottish friends will like that. It says further:

Gaelic is a foreign language in Canada, but French is not. We know that Mr. Gillis is a highly experienced politician, and he is certainly aware that the rights of the French language were guaranteed by the Quebec Act and the British North America Act; he was merely being impertinent when he spoke thus.

A year ago, Mr. Coldwell, the leader of the C.C.F. party, stated, after the blunders which he and his party members had made, that his party would be the first one to defend the present status of the two official languages of parliament. It seems that Mr. Gillis does not share this opinion.

The only comment I have to make, Mr. Speaker, is that all ethnic groups have their quotas of screwballs and it seems they are not lacking in certain sections of this country.

Mr. Marler: Mr. Speaker, the hon. member should not pay too much attention to that newspaper.

It being four minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PRINTING BUREAU—OUTSIDE WORK

Question No. 282—**Mr. Purdy:**

1. Did the department of public printing and stationery have certain work in respect to printing, binding, lithographing and other work done outside the printing bureau for the fiscal year ending March 31, 1955?

2. If so, what was the value of such work and the amount allocated to concerns in each province?

Answer by: **Mr. Pinard:**

1. Yes.

2. Value $4,048,307. Allocated to concerns in each province:

Alberta	$ 10,722
British Columbia	3,081
Manitoba	50,728
New Brunswick	71,746
Newfoundland	805
Nova Scotia	8,414
Ontario	2,751,482
Prince Edward Island	1,200
Quebec	1,134,050
Saskatchewan	8,585

IMPORTS OF UNITED STATES FLAX

Question No. 287—**Mr. Argue:**

1. What quantities of United States flax were imported into Canada, during each month since August 1, 1955?

2. What duty, if any, was collected in each of these months?

Answer by: **Mr. Howe (Port Arthur):**

1 and 2. Imports of flax (item 1751) from United States:

Month	Bushels	Duty collected
August 1955	46,267	$ 4,628
September	15,531	1,553
October	—	—
November	—	—
December	—	—
January 1956	123,613p.	12,361p.

p—preliminary.

CASE NO. 41—SUPREME COURT APPEAL

Question No. 288—**Mr. Knowles:**

1. Did the Minister of National Revenue appeal to the Supreme Court of Canada against the judgment of the Exchequer Court of Canada, dated July 31, 1952, in the case of No. 41 (or Mr. "W") *v.* the Minister of National Revenue?

2. If so, was this appeal withdrawn?

3. What was the basis of settlement under which the appeal was withdrawn?

Answer by: **Mr. McCann:**

1. Yes.

2. Yes.

3. There was no settlement. The decision of the exchequer court was allowed to stand and the appeal to the Supreme Court of Canada was withdrawn on the advice of the deputy attorney general of Canada.

HOUSE OF COMMONS

Monday, March 19, 1956

The house met at 2.30 p.m.

PRIVILEGE

MR. BRYCE—REFERENCE TO EDITORIAL IN "MONTREAL-MATIN"

Mr. William Bryce (Selkirk): Mr. Speaker, I rise on a question of privilege. On Friday the 16th the member for Cape Breton South (Mr. Gillis) read into the record an editorial appearing in a Montreal newspaper. As will be seen from the quotation on page 2247 of *Hansard* of that date a part of the editorial stated, "Gaelic is a foreign language in Canada".

As a Scotsman whose mother tongue is Gaelic I resent any newspaper in this country making that kind of statement. The history of this country will show, from Cape Breton island on the east coast to the far-flung coast line of British Columbia, that Scotsmen pioneered in the settlement of this country. In western Canada, for example, had it not been for the Selkirk settlers with such names as Sutherland, Matheson, Gunn and McLeod, the development of western Canada would have been greatly hampered in the progress that was made in that part of this great country. I trust that no newspaper in the future will be so ill advised as to make the kind of statement that compels me to get on my feet today and protest.

THE BUDGET

TABLING OF BUDGET PAPERS

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I should like to table the budget papers in connection with the budget to be presented tomorrow night and move that they be published in today's *Votes and Proceedings* and tomorrow's *Hansard*.

Mr. Speaker: By leave, is this motion agreed to?

Motion agreed to.

IMMIGRATION

PROVISION FOR FURTHER ASSISTANCE IN FAMILY SETTLEMENT

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I should like to make a brief statement regarding immigration. With a view to contributing to the maintenance of the level of immigration and in furtherance of the policy of keeping families united, the government decided, several months ago, to make assisted passage loans available for the wives and children of immigrants. With the same end in view, the government has now decided to recommend to parliament in the supplementary estimates for 1956-57 that, from April 1, 1956, assistance in family settlement be paid to each immigrant or settler at the rate of $60 a year for each child under 16 years of age residing in Canada and supported by him during the first year while family allowance is not paid in respect of such child.

This assistance will be available only to immigrants landed for permanent residence in Canada and to Canadian citizens returning to settle permanently in Canada.

CANADA ELECTIONS ACT

AMENDMENT TO EXTEND HOURS OF POLLING

Mr. J. W. Noseworthy (York South) moved for leave to introduce Bill No. 205, to amend the Canada Elections Act (hours of polling).

An hon. Member: Explain.

Mr. Speaker: Would the hon. gentleman explain?

Mr. Noseworthy: The purpose of this bill is to extend from six p.m. to seven p.m. the hours of polling at by-elections held during the months when standard time is in general operation.

Motion agreed to and bill read the first time.

MOTIONS FOR PAPERS

NATIONAL GALLERY—PRICES PAID

Motion No. 38—**Mr. Diefenbaker:**

For a copy of all invoices or other records revealing prices paid for each and every painting or picture purchased for $500 or more for the national art gallery, since January 1, 1950.

Mr. Pickersgill: I understand that the hon. gentleman has decided to proceed with this motion, notwithstanding the point I raised the other day. If that is the case, I have no objection.

Mr. Speaker: There is supposed to be no debate at this stage.

Motion agreed to.

Motions for Papers

BANFF NATIONAL PARK—GONDOLA CHAIR LIFT

Motion No. 41—**Mr. Johnston (Bow River):**

For a copy of all correspondence, telegrams, memoranda and other documents exchanged, during the past two years, between the Department of Northern Affairs and National Resources and Banff parks superintendent and/or other citizens, relating to the erection of gondola chair lift to the summit of Sulphur mountain in the Banff national park.

He said: Mr. Speaker, the minister has asked me to allow this motion to stand. If it is agreeable to you, I will do so.

Mr. Speaker: Stand.

WESTERN PIPE LINES, LTD.

Motion No. 42—**Mr. Coldwell:**

For a copy of all memoranda, correspondence, telegrams and other documents exchanged between the government of Canada and Western Pipe Lines Limited, since January 1, 1949 to date.

TRANS-CANADA PIPE LINES, LTD.

Motion No. 43—**Mr. Coldwell:**

For a copy of all memoranda, correspondence, telegrams and other documents exchanged between the government of Canada, or any department thereof, and Trans-Canada Pipe Lines Limited, since January 1, 1951 to date.

TENNESSEE GAS—MIDWEST TRANSMISSION

Motion No. 44—**Mr. Coldwell:**

For a copy of all memoranda, correspondence, telegrams and other documents exchanged between the government of Canada and Tennessee Gas Transmission Company Limited, and, or, Midwest Transmission Company Limited, since January 1, 1951 to date.

TRANS-CANADA PIPE LINES—CONTRACTS

Motion No. 45—**Mr. Coldwell:**

For a copy of contract or contracts, in the possession of the government, regarding the sale of natural gas between Trans-Canada Pipe Lines Limited and Tennessee Gas Transmission Company Limited.

TRANS-CANADA PIPE LINES—CONTRACTS

Motion No. 46—**Mr. Coldwell:**

For a copy of contract or contracts, in the possession of the government, regarding the sale of natural gas, between Trans-Canada Pipe Lines Limited, and Northern Natural Gas Company, (Omaha, Nebraska).

KENT COUNTY—HUNTING AND FISHING

Motion No. 47—**Mr. Murphy (Lambton West):**

For a copy of all agreements and leases, from 1947 to date, between any department of the federal government and all lessees of Indian lands or other lands and waters in the county of Kent, particularly concerning fishing and hunting privileges and rights, and for a map or maps showing such leased areas.

Mr. Pickersgill: I wonder whether this motion could be allowed to stand until the hon. member who is moving it is here.

Mr. Speaker: Stand.

[Mr. Speaker.]

INQUIRY FOR RETURN

FLOOD DAMAGE, SASKATCHEWAN

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I rise on a question of privilege. On February 6 I had a return for all correspondence, telegrams, memoranda or documents exchanged between the federal government or any department thereof and the premier of Saskatchewan or any department of the Saskatchewan government from June 1, 1955, to date in respect of flood damage in Saskatchewan during 1955. My information, sir, is that there is other correspondence between the department of agriculture in Saskatchewan and this government. I wonder whether I might have a more complete return.

[*Later:*]

Mr. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Agriculture arising out of the question of privilege which I raised earlier. Would the minister be prepared to table a wire from the minister of agriculture for Saskatchewan to him dated September 21 and his reply of September 29; also a letter from the minister of agriculture for Saskatchewan dated October 6 and the minister's reply of October 11?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, when the question of privilege was raised I did not consider that it had to do with me or my department. The order that was issued, I think, was provided for through the Secretary of State (Mr. Pinard) and I am sure that everything that is on our file will be referred there to be reported when the order is brought down.

Mr. McCullough (Moose Mountain): Mr. Speaker, this correspondence has to do with flood damage. I wonder whether the Prime Minister (Mr. St. Laurent) would take notice of the situation and provide a complete answer to my question?

Mr. Speaker: The hon. member for Moose Mountain (Mr. McCullough), who knows what correspondence he has in mind, could put on the order paper another notice of motion asking precisely for those documents.

WATER POLLUTION

ELDORADO MINING, PORT HOPE—STATEMENT ON ACTION TAKEN

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of Trade and Commerce. Have any

complaints been received about pollution caused by the waste material at the refinery of Eldorado Mining and Refining Limited at Port Hope? If so, could the minister give the house a statement?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, so far as I know the government has received no complaints. However, complaints were filed with Eldorado Mining and Refining. Some ten days ago the Toronto *Telegram* published a statement about the situation and in the light of that article I asked Eldorado for a statement which I will now read.

The radioactive hazard in the residues of the Port Hope refinery is quite negligible. If the residues were ingested, the result would undoubtedly be harmful. However, it has always been the practice to dump the residues in a fenced area, which prevents access by the public. There is, however, an arsenic content in the residues which has given some trouble. Up until about a year ago the refinery residues were dumped in an area a few miles north of Port Hope. The effects of weathering have caused a leaching of some part of the arsenic content of the residues and this has found its way into an adjacent stream.

Late last summer protests were received from farmers whose farms bordered on this stream. It was claimed that the waters of the stream had an adverse effect on livestock. While it was the opinion of the management of the Port Hope refinery that the drought which prevailed in the district last summer was mainly responsible for the poor condition of livestock, the possibility of harmful effects from arsenic was also recognized. Accordingly, a settlement was made with the several farmers who made claims against the company. These settlements were arranged through the company's legal adviser in Port Hope.

The residue area referred to in the previous paragraph has not been used for the past twelve months. A new dumping area is now in use which is located on the shore of lake Ontario. I understand that the permanent and summer residents in the vicinity of the new area were proposing to hold an indignation meeting because of alleged hazards. As noted above, there is no radioactive hazard in the residues. Moreover, since the new refining process went into operation last June the arsenic hazard has been eliminated since the arsenic residue is now in an insoluble form; that is to say, it cannot be leached by weathering.

FLOODS

SASKATCHEWAN—STATEMENT ON ACTION TAKEN IN KAMSACK AREA

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, on February 28 the hon. member for Yorkton directed a question to me as to what action has been taken to prevent a recurrence of the floods on the Assiniboine river in the Kamsack area in Saskatchewan. In reply I may say that no action has been taken by the Department of Agriculture to prevent the recurrence of floods along the Assiniboine river at Kamsack in Saskatchewan as this is considered to be the responsibility of the provincial government and so far as the Department of Agriculture is concerned no application for assistance in this regard has been made by the provincial authorities.

TRANSPORT

FERRY "BLUENOSE"—RESUMPTION OF SERVICE

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, in answer to questions by the hon. member for Shelburne-Yarmouth-Clare and the hon. member for Digby-Annapolis-Kings regarding the *Bluenose*, I said I would keep the house informed as to resumption of service. I am glad to be able to say that the *Bluenose* resumed service from Yarmouth today.

AIR TRANSPORT

REPORTED BANNING OF JET AIRCRAFT FROM SPACE USED BY ORDINARY AIR TRAFFIC

On the orders of the day:

Hon. George C. Marler (Minister of Transport): While I am on my feet, Mr. Speaker, I should like also to reply to a question asked by the hon. member for York West (Mr. Hamilton). On Friday he asked whether I could inform the house "whether jet aircraft on speed runs have been banned from the air space used by regular traffic, as reported in the press yesterday". The reply is that the Department of Transport has taken no such action.

INCOME TAX

REQUEST FOR PROVISION OF DIFFERENT FORM

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, some time ago the hon. member for Winnipeg North Centre (Mr. Knowles) asked a question with reference to elections under section 36 (1) of the Income

Tax Act. It is the opinion that a special form to be provided by the tax division would not be warranted. We do feel that some reference to the alternative methods for the taxation of these lump sum payments should be indicated on the T.4 summary and supplementary, to advise employers and employees of the provisions of this section. This matter will be attended to in drafting the forms for the coming year.

The 1955 edition of the employee's income tax guide contains a paragraph wherein it is stated that:

> If you received a lump sum payment out of a pension fund during the year, the amounts must be included in your income for the year but may be subjected to a reduced rate of tax. For further information on this point, inquire at your district taxation office.

In addition to this note, assessors are directed to assess the taxpayer at the rates most beneficial to him when such a lump sum payment is included in income. This is done whether or not the taxpayer has elected to be taxed under the provisions of section 36 (1). That means that it may be spread over a period of three years at the effective rates.

GAINS ARISING FROM PURCHASE OF SHARES AT LESS THAN MARKET PRICE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Minister of Finance. Are the gains taxable that arise when a company gives a shareholder the right to purchase additional shares at less than the market price? If not, is the government considering taxing such gains?

Hon. W. E. Harris (Minister of Finance): This is the type of question that I shall be glad to discuss on my estimates or in the budget debate.

NATIONAL DEFENCE

DORVAL—INQUIRY AS TO FIRE AT R.C.A.F. HANGAR

On the orders of the day:

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I should like to address a question to the parliamentary assistant to the Minister of National Defence. Can he say what caused the fire in the Royal Canadian Air Force hangar at Dorval this morning and what the total loss is estimated to be?

Mr. P. T. Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, preliminary reports indicate that the fire started in a section of the building where stores were kept. It will undoubtedly require a full investigation. The R.C.A.F. fire marshal and the one from the Department of Transport are already there looking into the matter.

Mr. Fraser (Peterborough): Is the fire out?

ADMINISTRATION OF JUSTICE

WILLIAM SEMENICK—REPORTED TRANSFER FROM B. C. PENITENTIARY

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I have a question for the Minister of Justice. I have not been able to give him notice of it. Perhaps he can take this as notice. Has his attention been called to the news item in today's *Globe and Mail* with regard to the transfer of William Semenick from the British Columbia penitentiary? It is alleged here he is being transferred in fear of his life. Can the minister give us some information on that situation?

Mr. Speaker: This is precisely the sort of question that should be discouraged.

Mr. Cameron (Nanaimo): Perhaps I did not put my question clearly.

Mr. Speaker: The hon. member put his question so clearly that he gave us a great deal of information, and I am sure we will all look at the newspaper to which he has referred to find out what is in it.

Mr. Cameron (Nanaimo): May I ask a supplementary question?

Mr. Speaker: The first question has not been asked.

Mr. Cameron (Nanaimo): Mr. Speaker—

Some hon. Members: Order. Sit down.

Mr. Speaker: Order. Let us not generate more heat than one can control.

DOMINION-PROVINCIAL RELATIONS

AGRICULTURE—REPRESENTATION AT FORTHCOMING MARKETING CONFERENCE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Has the Minister of Agriculture invited to the forthcoming agricultural marketing conference representatives from the main farm organizations in this country?

Right Hon. J. G. Gardiner (Minister of Agriculture): No, Mr. Speaker. As I indicated to the house the other day, the conference which is being called is being called as a result of discussions which took place at the December conference. It was decided there that the kind of gathering they desired for the purpose in hand was a meeting of the

ministers of agriculture from the different provinces, together with any officials the ministers decided to bring to meet with the department here.

PRIVATE BILLS

HYDROCARBONS PIPELINE LIMITED

The house in committee on Bill No. 151, to incorporate Hydrocarbons Pipeline Limited —Mr. Weaver—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Incorporation.*

Mr. Knowles: There are a few words I wish to say on clause 1, but if the sponsor wishes to speak I would be glad to yield to him. If not, I may say that when the hon. member for Churchill spoke to this bill on second reading, he had occasion to refer to a relationship that might exist between this company and Trans-Canada Pipe Lines. I began to wonder whether there might be any more connection than the one the member indicated when he spoke on March 2 of this year. Accordingly, I did what is often done around here and went to such well known documents as Moody's Industrials, the Directory of Directors, the *Financial Post* Survey of Industrials, Who's Who in America, and Moody's Public Utilities.

I went to these documents for the purpose of trying to find out just who were the individuals who were tied in to this company. As the member for Churchill stated, the company which is sponsoring Hydrocarbons Pipeline Limited is Canadian Hydrocarbons Limited. I found in one of the documents to which I have referred a list of the directors of Canadian Hydrocarbons Limited. It is true that four or five of them are residents of Canada, but at least two of them are residents of the United States. One of them is Mr. J. R. Dempsey, of Libertyville, Illinois. I have not as yet run down his pedigree. Another is Mr. C. S. Strike, who lives at West Hartford, Connecticut. I find that this Mr. C. S. Strike is also president of F. H. McGraw and Company of Hartford, as well as being president or chairman of the board of a number of other companies. F. H. McGraw and Company is associated with the Power Corporation of Canada in ownership of the F. H. McGraw Company of Canada. The president of the Power Corporation of Canada is Mr. P. A. Thomson, a member of Nesbitt, Thomson and Company of Winnipeg, which is now known as N. T. Investments Limited. That firm, N. T. Investments Limited, I understand, holds something of the order of 70,000 shares in Trans-Canada Pipe Lines Limited.

I find also, Mr. Chairman, that the same Power Corporation of Canada has a substantial interest in the Anglo-Canadian Oil Company, which also has an interest in Trans-Canada Pipe Lines Limited. I find also that the chairman and treasurer of Anglo-Canadian is Mr. H. R. Milner, who is also on the board of directors of Trans-Canada Pipe Lines Limited.

It so happens that I have on my desk quite a number of sheets of paper, and I have one of these interesting charts showing all of the involvements of these people. I do not intend to go into the full details, but I think I have given enough to indicate that there seems to be building up once again in this whole pipe-line business—both gas and oil—another of those interlocking directorates where a few people get a stranglehold on something that is pretty important to the people of Canada as a whole.

The other day the Minister of Agriculture expressed some misplaced anxiety lest we in this party were not still concerned about the 50 big shots of whom we used to speak some years ago. We are afraid, Mr. Chairman, that in this field some super big shots are being built up by these various companies that parliament is incorporating, through these charters that are being granted. I suspect the day will come when we shall find that parliament has facilitated by a number of these simple little bills the building up of an octopus in the oil and gas and fuel and power industry in this country. We feel that this house does not know enough about all this business to be called upon to deal with bills of this kind.

Clause agreed to.

Clauses 2 to 4 inclusive agreed to.

On clause 5—*Pipe lines legislation to apply.*

Mr. Harkness: On this clause I am interested in finding out whether this proposed pipe line will be a common carrier or not. I am not a member of the committee; I was not in on the committee sessions, but I understand from those who were there that this question did not come up. This clause reads:

> The company shall have all the powers, privileges and immunities conferred by, and be subject to all the limitations, liabilities and provisions of the Pipe Lines Act, and any other general legislation relating to pipe lines enacted by parliament with respect to the transportation of crude oil and other liquid and gaseous hydrocarbons.

I think section 38 of the Pipe Lines Act provides that the board of transport commissioners may declare any oil or gas pipe line as a common carrier. I presume that would be done on the initiative either of

some person interested or of the government. As far as oil pipe lines for which charters have been granted so far are concerned, I think it is provided, not in the act itself but by the government indicating to the board of transport commissioners that they should declare that the pipe line should be a common carrier. I should like to know what the situation will be in connection with this particular pipe line.

Mr. Weaver: With regard to the question which the hon. member for Calgary North has just asked, this company would be subject to the provisions of the Pipe Lines Act, and this pipe line would be in the same position as other pipe lines which have been approved here. I am sure, from the discussions I have had with the sponsors, that within the limits for which it is designed they will be only too happy that this should be considered a common carrier.

It should be remembered that this pipe line will carry only that narrow range of products between what is ordinarily considered as petroleum and natural gas on the petroleum scale. Roughly, that would include naphtha, propane and butane, and it would include also refined gasoline. It will be realized that these products could not be carried in a petroleum gas line or a natural gas line.

This pipe line is to be from six to eight inches in size and the quantity of these particular products would not be as great as petroleum and natural gas. It will require a good deal of gasoline to be transported to make this a paying proposition and enable it to operate in this important field which is so beneficial to the whole gas and oil industry.

Mr. Harkness: I accept what the hon. member for Churchill has said, that this pipe line will require some gasoline to be carried through it in addition to butane and propane. It is suggested that that will have to be done in order to make it a profitable operation. However, I do not think that that answers my question as to whether it is going to be a common carrier.

If it is not to be a common carrier it would place the company operating this pipe line and the gas and other companies with which it happens to be associated in a very preferred position as compared with other companies producing propane or butane. It might mean that those other companies could sell their propane and butane only to the operators of this pipe line or to the oil companies associated with the pipe line. That is the point I wanted to get clear and I should like to have the sponsor answer that question.

Mr. Weaver: At this moment I cannot speak definitely. If the hon. member desires a definite answer perhaps the committee could rise and report progress and I would be glad to get definite information in the meantime. There is no doubt in my own mind on that point.

Mr. Harkness: I would appreciate it very much if that action could be taken because I think this is an important point which should be cleared up before the charter is finally granted.

Clause stands.

Clauses 6 to 10 inclusive agreed to.

The Chairman: Shall I rise, report progress and ask leave to sit again this day?

Progress reported.

MONA MARGARET MCCASTLIN ADAMS

Mr. H. P. Cavers (for Mr. Henderson) moved the second reading of Bill No. 161, for the relief of Mona Margaret McCastlin Adams.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to draw the attention of the house to the fact that this case originates in Hull, just across the river. Some critical remarks have been made with regard to the evidence given by certain investigators in other cases and I should like to pay a tribute to the investigators who appeared before the Senate committee in connection with this particular case. One investigator was asked the following question and gave the following answer:

> Q. Would you describe to the members of the committee the condition of the house—what you saw at that time?
>
> A. It was a very small dirty shack, wooden shack, with only one room, square shack, no separate rooms, just one main room, and it was simply a house of poverty, a shack you might find some old hermit living in—filthy and poor, no furnishings at all; an old stove, and decrepit old bed, and an old couch behind a curtain, and the couch was filled up with junk and all sorts of articles.

A little later on he was asked about his investigations and he replied as follows:

> At the beginning I asked this young girl her age and she said, "I think I am near 18," and I said, "Aren't you closer to 16?" and she said, "Yes, maybe, but I do not know my age, and nobody knows my age," and then I asked her if she was living there—if Mr. Bill Adams was keeping her there against her will, and I explained very carefully what I meant by that. I said, "Does he make you live here or would you rather live some place else?" and she seemed like a very bright child and told me she was living there because she wanted to and, furthermore, because

she had no other place to live, and I asked her where her mother was, and she said, "I have no mother, I have an adopted mother."

I think we all feel that it is a tragedy when a 14-year old girl is forced by economic circumstances to live in an environment like that. I am sure that the honourable senators who reviewed the case were deeply moved by the evidence, but it is obvious that the parliament of Canada cannot do anything about the housing conditions or social problems which are presented by this particular case. I am not opposing the passing of this particular bill, but I submit it is a reflection upon this country when almost within sight of the parliament buildings there should exist conditions such as those described in the evidence in this particular bill. We have no authority to do anything about the girl, who apparently is a bright girl and is about 16 years of age.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

Mr. Speaker: Can all the other divorce bills be taken in one motion?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Mr. Speaker: The hon. member for Lincoln (Mr. Cavers) for the hon. member for Parkdale (Mr. Hunter) moves, seconded by the hon. member for Portage-Neepawa (Mr. Weir), that these divorce bills Nos. 162 to 164 inclusive and 169 to 188 inclusive be read the second time. Is it agreed?

Mr. Regier: I thought that we were referring only to Nos. 162 to 164. I did wish to say something on order No. 10 and order No. 28.

Mr. Speaker: Would it be agreeable to pass the others with the exclusion of those two?

Some hon. Members: Agreed.

Bill No. 162, for the relief of Regis Edouard Gosselin.—Mr. Henderson.

Bill No. 163, for the relief of William Boychuck.—Mr. Henderson.

Bill No. 164, for the relief of Edna Betty Berendt Payment.—Mr. Henderson.

Bill No. 169, for the relief of Leona Jennie Impey Mella.—Mr. Henderson.

Bill No. 171, for the relief of Florence Mintz Etinson.—Mr. Henderson.

Bill No. 172, for the relief of Jeanne Yvonne Gaouyat Leroy.—Mr. Henderson.

Bill No. 173, for the relief of Adrienne Rozenbaum Melzak.—Mr. Henderson.

Bill No. 174, for the relief of Joan Louise Squires Connolly.—Mr. Henderson.

Bill No. 175, for the relief of Carol May Burch Squires.—Mr. Henderson.

Bill No. 176, for the relief of Irene Raab Agoston.—Mr. Henderson.

Bill No. 177, for the relief of Joan Marshall Bougie.—Mr. Henderson.

Bill No. 178, for the relief of Heather Thornton Williamson.—Mr. Henderson.

Bill No. 179, for the relief of Helen Louise Hancox Fray.—Mr. Henderson.

Bill No. 180, for the relief of John Wallace Herbert.—Mr. Henderson.

Bill No. 181, for the relief of Angeline Sperdakos Trakas.—Mr. Henderson.

Bill No. 182, for the relief of Sheelagh Duffin Bennett.—Mr. Henderson.

Bill No. 183, for the relief of Ruth Alister Creighton Jones.—Mr. Henderson.

Bill No. 184, for the relief of Doris Lillian Doughty Dick.—Mr. Henderson.

Bill No. 185, for the relief of Joan Etta Young Campbell.—Mr. Henderson.

Bill No. 186, for the relief of Doris Evelyn Hirsch Stephen.—Mr. Henderson.

Bill No. 187, for the relief of Luvina Mallet Lambert.—Mr. Henderson.

Mr. Regier: Mr. Speaker, I wish to refer to bill No. 170 and later to Bill No. 188, order No. 10 and order No. 28.

JOSEPH ELIE FELIX LEDUC

Mr. H. P. Cavers (for Mr. Henderson) moved the second reading of Bill No. 170, for the relief of Joseph Elie Felix Leduc.

Mr. Regier: I shall not delay the house any more than a minute.

Mr. Fleming: I rise on a point of order. How does it happen that this bill, which is a substantial way down on the order paper, is now being called ahead of Bills 166 and 168, which are No. 7 and No. 8 respectively on the list of private bills?

Mr. Speaker: It has often been our practice to take divorce cases in this way. I do not suppose that the debate with respect to those two would be long, and we can revert to No. 7 and No. 8 and perhaps reach more quickly the other private bills, No. 29 and No. 30 on the order paper, which perhaps could not be reached today; and the same applies with respect to Nos. 31 and 32. Perhaps the objection at the moment is taken a little late, because, when I asked if it was the pleasure of the house to take all the divorce bills in one motion, it was agreed to. I presume that in his scroll the Clerk has already gone ahead and inscribed

our agreement to that effect. Does the hon. member still insist on his point?

Mr. Fleming: I do not know whether we have an assurance that the discussion will be brief on these two divorce bills. The hon. member nods, and so I will withdraw my objection.

Mr. Erhart Regier (Burnaby-Coquitlam): In this case I believe that I should place on record the fact that the respondent had notified the chief clerk of committees that she intended to contest the case. However, when the case was heard, there was read out by the chief clerk of committees to the committee a letter stating as follows:

> These presents are to state that I have interviewed my client, the respondent, once more, in connection with this case and that after due deliberation, she has decided not to contest these proceedings.
>
> I beg to remain,
>
> Yours very truly,
> M. Gaboury.

The writer of the letter, I take it, is the legal adviser for the respondent. The reason I should like to put this on the record is that I know it is very difficult for a respondent, if a woman, to have her side of the story heard. Here is a lady who had given notice of her intention to contest the case and, for reasons that we do not know, she has changed her mind. I mention this at this time because, when we meet this case again in committee, I think our committee should look into the reasons why this lady has changed her mind, whether it was economic necessity or whether it was another case of undue pressure being exerted upon her by the petitioner in order to avoid having her put forth her defence.

Another reason why I raise the point is that, upon reading the case, I find that the husband claims that he came home from work one day and not only had his wife left the home but his four almost grown up members of the family had left with her. He was at a loss to imagine why his wife, two children who are working, and two who are still in school, should all have left the home and left him at the same time. I know that our committee of this house is going to give this case the same further attention.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

SIGNATURE LOAN AND FINANCE COMPANY

Mr. Speaker: May I revert to No. 7 on the order paper? We shall take up No. 28 after we have disposed of No. 7 and No. 8.

[Mr. Speaker.]

In the absence of the sponsor, the hon. member for St. Lawrence-St. George (Mr. Richardson), this bill will be allowed to stand.

CANADIAN COUNCIL OF CHURCHES

Mr. Donald M. Fleming (Eglinton) moved the second reading of Bill No. 168, to incorporate the Canadian Council of Churches.

Some hon. Members: Explain.

Mr. Fleming: This bill provides for the incorporation of the Canadian Council of Churches. The Canadian Council of Churches has been in existence since 1944 as an unincorporated body. The composition of the Canadian Council of Churches is clearly set forth in the explanatory notes to the bill.

The religious bodies and other organizations named in the preamble have for 11 years been supporting, as members thereof, an unincorporated association known as the Canadian Council of Churches. In recent years the Greek Orthodox archdiocese of North and South America and the Russian Orthodox Greek Catholic Church of North America have become affiliated members of the organization and, in addition, the United Lutheran Church in America is in friendly association therewith. The churches that are members of the council are set forth in the preamble:

> The Anglican Church of Canada, The Baptist Federation of Canada, The Churches of Christ (Disciples), The Evangelical United Brethern Church, The Presbyterian Church in Canada, The United Church of Canada, The Reformed Episcopal Church, The Salvation Army, The Society of Friends, The National Council of Young Men's Christian Associations of Canada, The Young Women's Christian Association of Canada, and The Student Christian Movement of Canada.

The objects of the incorporation are clearly set forth in the bill. The bill has been passed by the Senate and, if given second reading now, will go to the committee for further study.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

LOIS MARGARET CLOUSTON WILLAR

Mr. H. P. Cavers (for Mr. Henderson) moved the second reading of Bill No. 188, for the relief of Lois Margaret Clouston Willar.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I shall be equally brief on this case. However, I do feel that the attention of the house should be called to the fact that here is a case where the dissolution of the marriage is recommended and neither the petitioner nor the respondent has appeared. The only evidence whatsoever that

is presented is the evidence of a witness, a garage mechanic aged 33. There is no substantiating witness. I am very pleased to notice that in the other place we have a most aggressive member in the person of Senator Hodges from British Columbia. On page 16 of the evidence in the case she has this to say:

> Personally I do not think any of that testimony contributes anything to the evidence we are looking for.

I should like to ask the house this question. What state of affairs are we coming to in the passage of these divorce cases? Have we now arrived at the stage where anyone in Canada wishing a divorce merely has to send a penny postcard to the parliament of Canada and say: "I hereby send notice that from this day forward I wish to be regarded as being divorced, and I wish to claim my rights as a citizen." I think it is going much too far when neither the petitioner nor the respondent has to appear and only one witness, a 33 year old person, who may or may not be the most reliable man on earth, is able to be responsible for the dissolution of a marriage. I wish to register my strong objection.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

An hon. Member: On division.

Motion agreed to on division, bill read the second time and referred to the standing committee on miscellaneous private bills.

WESTERN GOSPEL MISSION

Mr. Rene N. Jutras (Provencher) moved the second reading of Bill No. 190, to incorporate the Western Gospel Mission.

Some hon. Members: Explain.

Mr. Jutras: Mr. Speaker, this organization is made up of representatives of a number of affiliated churches. They support clergy who conduct religious services in areas where no church exists or where the churches there do not cover the area adequately. When the local congregation has been fully established, that is, after they have repaid their financial obligation to the organization, the organization withdraws, leaving the new congregation to determine its own affairs and other affiliation, if any.

As you can see from the bill, Mr. Speaker, the head office of the organization is in Steinbach, Manitoba, which is one of the most progressive towns in my province. These people are well known throughout Canada for their love of peace and order. They hold very strong religious convictions and support their churches generously. This incorporation is primarily for administrative purposes with respect to the temporal affairs of the organization.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. G. J. McIlraith (Ottawa West) moved the second reading of Bill No. 191, respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

Mr. Knowles: This bill does not seem to be on our files.

Mr. Green: This bill has not yet been distributed. At least, I do not have a copy and none of my colleagues has.

Mr. Knowles: Neither have we.

Mr. Green: Therefore we are not prepared to go on with the debate today.

Mr. Speaker: Shall it stand?

Mr. McIlraith: I know nothing about the distribution of the copies of the bill, but in view of the point that has been raised I suppose there is nothing to do but to let the bill stand.

Mr. Speaker: Stands.

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY

The house in committee on Bill No. 148, respecting Quebec North Shore and Labrador Railway Company—Mr. Brisson—Mr. Robinson (Simcoe East) in the chair.

Mr. Coldwell: Mr. Chairman, is the mover here to answer any questions?

An hon. Member: No.

Mr. Coldwell: Then I think we should rise, report progress and ask leave to sit again. There seem to be a lot of the movers away this afternoon on bills we were prepared to go ahead with.

Mr. Boisvert: I think the hon. member for Saguenay has good reason to be absent from the house today.

Progress reported.

HYDROCARBONS PIPELINE LIMITED

The house in committee on Bill No. 151, to incorporate Hydrocarbons Pipeline Limited—Mr. Weaver—Mr. Robinson (Simcoe East) in the chair.

On clause 5—*Pipe lines legislation to apply.*

The Chairman: When the house resolved itself into committee of the whole earlier this

day it was unanimously agreed that the committee should let clause 5 stand and that it should meet again this day on the bill.

Mr. Weaver: Mr. Chairman, a short while ago when we were dealing with this bill the hon. member for Calgary North asked a question with respect to the company being a common carrier. In asking the question he stated that he had gone over the evidence and had seen no reference to the matter. Not having a copy of the evidence handy, I asked that the clause be allowed to stand for the time being. I now have a copy of the evidence in my hand. At page 41 the hon. member for New Westminster questioned Mr. Deacon about this very matter, and I find there the following:

Q. How many individual distributing firms are in competition in each of the provinces?

This is just to give the background.

A. There is a tremendous number, but there are probably only three or four substantial ones. However, there is a great number of independent ones, and our fear about the industry in the past has been that because of the great number of independents there were no standards of safety, no standards of service provided, and that the public did not have confidence in this form of fuel. What we want to do is to create a uniform operation across the provinces that people will feel is a substantial one and can look upon it for their supplies. You may have noticed last fall when a shortage of propane existed in western Canada, that in Alberta there were two companies which still had supplies, and ours was one of them.

Q. Is it your intention to bring these other companies in, or permit them to become shareholders within your firm?

A. Anybody can buy stock in our company.

Q. I realize that. You can do that through a brokerage firm of course; but is it your intention to take in some of these companies which have quite an investment? If you start to come in with a guaranteed supply, they will automatically find that it assists their business and that it will provide investors?

A. We have been supplying them in Alberta when they ran out of supplies. They could come to us and take our supplies, and we helped them so that they could fill their orders.

Q. You will still let them keep their charters?

A. Naturally.

Q. Or become your distributors, in other words?

A. They will be able to buy from the general pipe line at the same price as we could, as a common carrier, make the product available to anyone.

Q. That is my point. It is a common carrier and they can become companies if they so desire for the distribution of that product in any municipal district if they have a charter?

A. Yes.

I think that should cover the point the hon. member raised about the pipe line being a common carrier. I was sure in my own mind that was so but I wished to check on it.

Mr. Harkness: From what the sponsor of the bill has said, I take it that the company is prepared to apply to the board of transport commissioners to have this pipe line, if and when built, declared to be a common carrier. As to the answer given us to the effect that it is a common carrier, perhaps I should point out at this stage that such is not the case until either the company itself, the government or some other interested party has applied to the board of transport commissioners and they have declared this pipe line to be a common carrier. In other words, the position with regard to pipe lines being common carriers is not what I had personally understood it to be. I understood that it was laid down in the act of incorporation that they were to be a common carrier or that the matter was covered under the general pipe lines bill whereby they would automatically become a common carrier. On looking up the law on the matter I find that apparently they do not become a common carrier unless this application is made to the board of transport commissioners. From what the sponsor has said I would take it that the company had either already done that or were prepared to do it when the charter was granted so that it would be ensured that this pipe line would be a common carrier. Is that correct?

Mr. Weaver: Mr. Chairman, if it will meet with the wishes of the hon. member, I can say that the company will be prepared to apply to the board of transport commissioners to have it declared to be a common carrier.

Mr. Harkness: Thank you.

The Chairman: Shall the clause carry?

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ECONOMIC REHABILITATION

REQUEST FOR PROVISION OF ALTERNATIVE EMPLOYMENT WHEN PRINCIPAL INDUSTRIES CLOSE

Mr. Clarence Gillis (Cape Breton South) moved:

That, in the opinion of this house, the government should give consideration to the advisability of providing for the economic rehabilitation of people living in communities and areas in Canada where extreme hardships are resulting from the closing down of the principal industries, such rehabilitation to be achieved through direct government assistance for the establishment of additional or alternative industries in the areas concerned or, if such measures do not fully meet the problem in a given community, to assist people in the area concerned to resettle in other communities where alternative employment can be provided.

He said: Mr. Speaker, I think this is the first time that a resolution of this kind has appeared on the order paper. It is rather broad and all-inclusive. I might say that it presupposes that the government take a square look at that subject matter in all areas in Canada where industry is developed on wasting resources which can be built up to a certain peak but which later recede, thus leaving great communities as ghost towns. It is a timely subject, in my opinion, because the Gordon commission is now making an economic survey of Canada and no doubt will be studying this subject and making recommendations on it.

This resolution covers many sections of Canada and there is a principle involved. For example, with regard to gold mines in northern Ontario, companies will be formed and they develop communities. The investor who puts a certain amount of money into the exploitation of a natural resource like gold, coal, nickel or any other mineral in the ground, over a period of years can get his money back and maybe a great deal more by way of profit. When the resource runs out, we find ourselves in the position of having built towns like Kirkland Lake in Ontario or Glace Bay in Nova Scotia with a population of 28,000 or 30,000. Examples can be given from British Columbia right down to Cape Breton island. The greatest investment in the community is made by the people themselves, the 28,000 or 30,000 of population who have assembled in that area, based on the particular resource. People build homes and put a lifetime of savings into them. Churches and schools are built, railroads are developed and there is a huge investment there on the part of the Canadian people themselves. The investor, who may live in another part of the country or in another part of the world can perhaps make himself a million dollars out of that resource; he can take that money, go down to the Bahamas and live there for the rest of his natural life where he is not even obliged to pay taxes.

Mr. Coldwell: Income tax.

Mr. Gillis: Yes, income tax. But the people are left there with their investment on their hands. It is not a liquid investment. In a community like that real estate is valueless once the community peters out. That is the kind of thing this resolution is aimed at this afternoon. It is moved merely to provoke discussion and to cause the members of the house to think about the problem, more particularly the members of the cabinet. Its purpose is also, of course, to get something in the press to awaken our people to the necessity of action by government with respect to this particular problem. It is not one that develops over night. I know we have gone through this experience and have been going through it in Nova Scotia in the mining community for the past 25 years. It has been a severe problem. Many communities have gone out of existence, with the people's investment lying there valueless.

I listened here a couple of weeks ago to the hon. member for Timiskaming (Mrs. Shipley) and on a television program I saw her doing an excellent job on this very subject. I thought, "That is another part of the country that is far removed from the part in which I live but this lady, a member of the government party, on that television program is saying exactly the things that I would say if I were there in her place". I merely mention that matter to indicate the fact that this is not a parochial matter as far as a discussion in his house is concerned. I am more particularly interested in my own end of the country. That is natural. In this house we have members from every section of Canada. If during the course of this discussion they can call to mind circumstances similar to those that I am going to describe in my own province, I hope each and every one of them will get to his feet and make a contribution to this debate. I think it is a subject at which we must take a square look. I think we must avoid repeating the mistakes of the past in allowing communities to fall into decay, with the consequent waste of millions and millions of dollars of investment and hard work on the part of Canadian citizens.

Of course, I might stand up and make a speech. Everybody would listen and after I was finished the only reaction would be that it was a good speech or a bad speech; it was a provocative speech or it was not. I do not believe any speech is worth while unless it is provocative. If the only reaction to what a speech contains is that it was good or bad, the speaker wasted his time and the time of the house. I am not, therefore, going to make a speech. Being a member of this group and tagged with wanting the government to do everything, I am going to call a few impartial witnesses to support the idea that the government should take a square look at this question of rehabilitating communities that are based on resources that are wasting resources, where huge investments are made and then the resources allowed to peter out.

During the last 25 years in my own part of the country I have seen many mining communities fall by the wayside. Nothing was done to compensate the people who lived in those areas. Many of these people had to sacrifice their properties, which represented a lifetime of saving and leave for other parts of the country or go to the United States. I think it is time we stopped that kind of thing.

I often think when we are talking about increasing our contribution to the Colombo plan and making more funds available for technical assistance in other parts of the world—I am in favour of that—that it is difficult to sell that idea to a person living in a town like Kirkland Lake or Glace Bay where you have 800 or 900 miners suddenly uprooted. There is no fund to do anything for them except the little that has been done by the Department of Labour in retraining them for other occupations.

It is rather difficult to go back to these people, whose unemployment insurance benefits are running out, and tell them that what a wonderful thing it is for us to increase our contributions to the Colombo plan. The reaction you get from a person under those circumstances is, "Why don't you get a Colombo plan in Canada for us? We would appreciate some technical assistance in the establishment of subsidiary industries. We have the resources and there are markets available if you want to tap them." Some financial assistance would be very welcome in such a community as I am describing.

I am suggesting that this government should implement the white paper tabled in this house in 1945. In tabling the paper the Minister of Trade and Commerce (Mr. Howe) stated, and the statement was contained in the body of the document, that it is the policy of this government in the development of the resources of this country that where risk capital cannot be found to develop the resources or where private industry falls down the government will immediately step in with a public investment program for the development of such resources. Now, that is a good policy. We were all for it and we are still for it. It is still the policy of the government because they have never rescinded it, although they have never implemented it to the extent we would have liked to see them implement it.

I am thinking now particularly of the coal industry of Nova Scotia. As I have said a good many times in this house, it is facing a very uncertain future. We hear people advocating this natural gas pipe line from Alberta to Quebec. Our stand is that it should be a public carrier and it should be controlled by the government. If this line is built to Quebec city, it is going to pose a problem for the maritime provinces. It is going to knock the props from under one of the main industries supporting the economy of Nova Scotia. We are sure, of course, that if the government is going to subsidize a pipe line with the taxpayers' money and that pipe line is going to eliminate coal that has already been subsidized by the government in that market, then a body of men as intelligent as the government will have a plan or program to take up the slack in an industry they are helping to subsidize out of the picture. I am reasonably sure they will do that.

I should like to call a very good friend of mine as a witness on this subject of the fear of the future for the coal industry. I call Mr. Lionel Forsyth, president of Dominion Steel and Coal Company, an organization that operates coal mines in Nova Scotia as well as many other things. According to a press dispatch, Mr. Forsyth had this to say to the Gordon commission on the economic problems of Canada:

> Fears that the St. Lawrence seaway may bring new hardships to maritime industries were expressed to the Gordon royal commission Friday as it wound up its Halifax sittings.
>
> Lionel A. Forsyth, president of the Dominion Steel and Coal Corporation, said completion of the seaway will likely result in cheaper importation of American coal and perhaps attract foreign steel. These transportation problems were described during the three-day commission hearings as the biggest deterrents to new industry in the maritimes. Mr. Forsyth said he was "firmly convinced" that with the high cost of transportation no manufacturer would come to the maritimes to produce a finished product.
>
> He said, however, that pessimism should not be associated with Dosco's Sydney steel plant,—

Now, I believe he is quite clear and precise. You cannot expect risk capital to go into the maritimes because of the long haul back to main markets and high transportation costs. It is not a question of power. Many people have been playing up to the question of power, but we have power in Nova Scotia. The problem in that province has always been markets, not only for coal but for any other commodity. As Mr. Forsyth has rightly said, there is the threat that within the foreseeable future natural gas will, to a large extent, wipe out the basic industry of my province. Then, with the opening of the St. Lawrence seaway there will be a cheap water route into Quebec which is our main market for practically everything we produce in the maritimes, including our coal. These threats are very apparent to any businessman who may have capital to invest and will keep him from going into an area where the future is so uncertain.

Now, I want to call another witness, a very good friend of mine, Mr. Harold Gordon, general manager of the coal industry in Nova Scotia. He has another angle. He makes this statement to the Gordon commission:

> "If you burn gasoline you don't help the Nova Scotia coal industry."
>
> That's the report of Dosco coal chief H. C. M. Gordon.
>
> Mr. Gordon says increased use of gasoline—and provincial government records show it is on the march—has an important bearing on the fuel situation in the maritimes and Quebec, where most of Dosco coal is marketed.

His complaint is that in the province of Nova Scotia there are huge shipments of crude oil from Venezuela. According to his statement that oil is coming in. He said this oil was offered in Nova Scotia for 6 cents a gallon and that coal could not meet this kind of competition unless the federal government imposed an import tax on residue oil. Mr. Gordon said that residue oil from Venezuela was sold in New England for $1.85 a barrel, and that $1.65 of this was cost of transportation. Well, that crude oil that is refined in Dartmouth comes in duty free. It is distress oil from countries that pay very low wages.

The president of the Dosco organization and the chief of the coal industry both make it very clear that the cost of transportation to markets is the main disability of the maritime provinces. It is the responsibility of the federal government to bring some kind of organization into being—and I hope it will come out of the Gordon commission—that will try to alleviate the problem in the best way they know how.

The next point is the matter of cheap crude oil from Venezuela that is dumped into this country duty-free. The federal government and the provincial government—because I think it comes more properly in the field of the provincial government—should get together and come to some kind of an arrangement under which that oil at least will be compelled to meet the competition of other fuels in this country. I think that is a reasonable proposition.

Mr. Nickle: May I ask the hon. member a question? In connection with Venezuela the hon. member mentioned that the transportation costs of crude oil were $1.65 a barrel and the oil was worth only 20 cents in Venezuela?

Mr. Gillis: I said that was the statement of Mr. Harold Gordon, the general manager of Dominion Steel and Coal. I quoted him. I am not prepared to argue—

Mr. Nickle: I think the figures might be reversed in so far as wellhead prices and transportation costs are concerned.

Mr. Gillis: I hope Mr. Gordon will read *Hansard* and give us the answer. I am not prepared to vouch for the validity of the statement. But knowing Mr. Gordon as I do, I can say he is a pretty careful Scotsman and he does not make very many statements that he can be caught off base on.

Mr. Weir: Does he speak Gaelic?

Mr. Gillis: I happened to pick up another very good witness, namely, the last issue of *The Ensign,* the issue for March. They took the presentations of the four maritime provinces to the Gordon commission and summarized them; they shortened them up considerably. I am not going to read them. The Nova Scotia picture shows that in wages, in production and in everything relating to the development of Canada, Nova Scotia as a province is away below the average of the rest of Canada, with the exception of the other maritime provinces. I am going to put this bit on the record. The summary states:

> The biggest single problem in the province is what will happen to the coal industry, accounting for 77 per cent of the $68 million mining economy. And the biggest single obstacle to industrial development is the high cost of transportation.
>
> The market for Nova Scotia coal has drastically declined with the dieselization of the transport systems, the inroads of oil and natural gas in the fuel market.
>
> Hopes for the coal industry are pinned on the possibility that future energy requirements in central Canada will outstrip the growth of hydro power development; and on research now being carried on at McGill university on the possibility of a coal-fired gas turbine locomotive.

These people, who are impartial witnesses, have shown clearly that the argument that has been used in the past that power in Nova Scotia particularly has been the deterrent to the development of subsidiary industry is not true. In my opinion it never was true. It is transportation, the long haul back to markets and the impossibility of competing in the central markets with anything that might be manufactured or fabricated in that part of the country. When the Gordon commission reports to the government I hope it will have something very definite to say. You know, Mr. Speaker, over the years we have had so many commissions. In spite of all the recommendations that were made, in that part of the country things have continued to decline and to deteriorate. Nothing very much was done with the recommendations. As I have said before, the Rowell-Sirois commission, in its analysis of this country, did one of the best jobs that could be done. Their recommendations were very clear with respect to taxation agreements, re-allocation and redistribution of wealth, the development of the country and a more balanced economy. They did an excellent job. I hope the Gordon commission will do just as good a job; but I hope that when the government makes its economy plans for the future it will remember that there are four provinces east of the province of Quebec.

It pains me to sit in a committee, and particularly when the natural gas pipe line from Alberta is under discussion. At that time I asked whether any surveys were made east of Quebec city to determine what the effect may be on the economy of the provinces east of Quebec, or whether some benefits

might be derived from carrying the line further on into New Brunswick and down through Nova Scotia. They said that no surveys had been made; they did not know anything about it, and no representation was made to them for a survey. That is true of all of those national projects that are undertaken. They start in British Columbia and they get down as far as Montreal, and that is the end of them. The rest of that part of the world seems to be completely out of the picture.

What I am suggesting on a national scale, Mr. Speaker, has already been attempted or been done by the province of Alberta on a provincial scale. When the mining industry in Alberta went down, when there were at least two towns whose citizens were completely unemployed, when there was nothing for them to do, the government set up a committee. They made an appropriation of money; they set up a fund for the purpose of moving those people into areas where there was employment. They closed out two towns. I have a clipping which gives a summary of the committee's report. I do not want to read it. I am just summarizing it as I read it. They successfully moved the total population of those two fairly large towns and found employment for them elsewhere. But the bad feature of that move was that men who had invested in homes, in church property and had built the communities up had to pull out and leave the property standing there. As I said before, a lifetime of investment was lost.

I believe that what the federal government should do is to set up a public investment fund which could be used to implement the terms of the white paper of 1945.

If arising out of the Gordon commission report we find that the piping of natural gas into the province of Quebec is going to kill the mining industry of Nova Scotia, then I believe it will be the responsibility of the federal government, along with the provincial government, to take a look at the areas affected and determine whether it is possible to have risk capital go into those areas and replace that industry with an industry based on the resources of the areas themselves. There are plenty of resources in Nova Scotia. There would be no trouble to set up a good cement industry in that province, and it is badly needed. It would not take very much money out of the public treasury to establish there an industry that would be self-liquidating. All the ingredients necessary for a cement industry are to be found right now in that province. No one has ever come down there with the necessary capital to develop that industry for the simple reason that Canada Cement is a monopoly. Every time there is a building boom, particularly such as we had after the war, we find cement being bootlegged from the United States at a cost of $1.25 per bag more than Canadian cement would cost if it could be got.

If the federal and provincial governments had a public investment fund these resources about which I am talking could be developed. There are plenty of resources in the maritime provinces and there should be no difficulty in obtaining markets for the materials that are available for production. If these things cannot be developed publicly or privately, then the next step will be to do what the Minister of Labour (Mr. Gregg) is doing, train the people who are young enough in new skills or move them to some other part of the country where employment is available. That is the next step.

If we can bring in people from Europe and provide jobs for them, I submit the first responsibility of the government should be to see that people who should be working are working before someone else is brought in. I am not objecting to immigration because I do not think we will ever use the resources of this country until we have many more people. We have our two national railway systems and our air lines; we have developed our transportation sufficiently to take care of 50 or 60 million people; but our first responsibility should be to see that our own people are taken care of.

Only two years ago many men left Canada to go to New Zealand because there was no place else in Canada where they could get work. The national employment service put out attractive circulars stating that jobs were available in New Zealand, with homes and everything provided. Of course they have a coalition government in that country today which is trying to hang on to the mechanics of free enterprise. When these men got to New Zealand they found that the contract was not being fulfilled by a long shot. They are stuck there now and they are talking about suing the people who brought them in on the charge that they were brought in under false pretences. This is something I intend to discuss with the Minister of Labour and perhaps the minister of immigration when their estimates are before us. Those men were virile enough to be ready to leave this part of the world and travel to New Zealand in order to find work when employment should have been available in their own country.

I think the answer to a problem such as this is simple: set up a public investment fund. Personnel is available in every department of government who could deal with

this problem from the economic, social and business standpoints. The machinery is there to be used for that purpose. You always know that a problem is going to develop five or six years ahead and the machinery could be developed to deal with the problem before people are thrown out on the streets and chaos exists. The purpose of my resolution is to remind the government that this is not a developing problem, as indicated by that white paper. We have the machinery to deal with any industry which may be depending on wasting resources, such as gold mining, coal mining, metal mining and so on. We find ghost towns all over Canada, mining communities which were once prosperous. There has been lost investment and disillusionment on the part of people who have put their lifetime savings into these communities.

This would not mean any change in the mechanics of our society; it merely means the carrying out of government policy. As far as the members of this group are concerned, we are prepared to assist in that. Many people think that the C.C.F. want to take over every farm and little store, but the C.C.F. program and policy ever since I have been in it is to support private industry when it can do the job in the interests of the community. That is the way it should be done. But anything that dominates the life of the community in the way that our natural resources do should be handled in a way that would give the community a say in the management. We believe in co-operative development. We do not want to take over everything. That is the point I want to make. If private industry will do the job in the interests of the community, that is the way it should be done. But they are not doing the job in the maritimes. Considering the resources we have from coast to coast, the maritime provinces stand as an example of the failure to develop our resources on a national scale on the basis of service to our people and providing a balanced economy and equality across Canada.

If this resolution does nothing else but provoke discussion, I think it will have been worth while. I trust that hon. members from other parts of Canada who have some knowledge of this subject will say a few words. We talk about British Columbia, Alberta, Saskatchewan, Quebec and Ontario, but what the people residing in those provinces fail to remember is that while they still have frontiers to push back, while they still have hinterlands, while they still have new wealth to develop, the maritime provinces are fenced around by oceans. We have no hinterland, we have no frontiers to push back, we have to make the best use that we can of the resources that we have in that restricted area.

I trust that when hon. members from Ontario, Quebec, Alberta and British Columbia are speaking on this resolution they will remember that we live in a restricted area far from the main markets and our problem is mainly a transportation problem. I hope that they will be considerate and generous in their discussion of the resolution.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I realize that after the broad picture my hon. friend has painted this afternoon the activities for which the Minister of Labour is responsible do not fill the needs that the hon. member has indicated exist. However, I do want to say something on this resolution. I am always interested in what the hon. member for Cape Breton South (Mr. Gillis) says, because he says it so forcefully.

The hon. member has always shown a keen interest in this matter in a general way, and in his conversations with me as minister. I appreciate the way in which he has brought this resolution before the house. He has stated that he has done this to provoke discussion of what is now a serious problem, but which was in the not so distant past a more serious problem. Of course, in the future it may be as serious as it was two years ago.

The hon. member has said that today there are across Canada a great many of what might be classified as depressed areas or depressed industries. I cannot agree with him entirely there. I think I would have agreed with him one and a half years ago that there were a few places that could be put in that category. However, we shall not argue about that for the moment.

I think his resolution divides itself into three parts. The first part is as follows:

> That, in the opinion of this house, the government should give consideration to the advisability of providing for the economic rehabilitation of people living in communities and areas in Canada where extreme hardships are resulting from the closing down of the principal industries,

I am going to call that the first part, which is the foundation upon which he has made his remarks. In regard to the closing down of the principal industries, he has not put in his resolution, although he mentioned it in his speech, the great importance of co-operation among the municipality, the province and the federal government. In matters coming within the scope of this resolution, we always have to realize that that co-operation must be forthcoming at all times. I know my hon. friend sometimes takes as his motto direct federal action. He has mentioned it on a number of occasions, and it has been very clear that he would like

the federal government to take quite direct action in this field. As a matter of fact, that is about the only serious objection I take to his whole resolution and to his remarks. But there are the responsibilities of the province, of the municipality and of the industries that benefit from the building up of that activity in the community, which he explained so well in the early part of his remarks. There is also, of course, the responsibility on the part of the unions and the working people. We have been concerned there.

The second part of his resolution is as follows:

—such rehabilitation to be achieved through direct government assistance—

I presume he means federal government assistance.

—for the establishment of additional or alternative industries in the areas concerned—

I will admit at once that this is almost completely outside the scope of the Minister of Labour.

Mr. Gillis: I did say "the federal government in co-operation with the provinces."

Mr. Gregg: I agree with that. In his remarks the hon. member made reference to that, but I am referring now to the setting up of alternative industries by the federal government. He did say in his speech, "in co-operation with the provinces and others." I also noted, in that part of his speech where he was referring to an investment fund, and he suggested a public investment fund for that purpose, he was looking squarely across the chamber at the Minister of Finance. I presume that if the Minister of Trade and Commerce had been in his seat he would have also looked in that direction.

Mr. Gillis: That is right.

Mr. Gregg: However, I think, on behalf of everyone, one must bear in mind that in the free peacetime economies, or fairly peaceful economies, such as we find ourselves in at the present time, at least devoid of controls or compulsion, my hon. friend from Cape Breton South will agree it is not quite as easy as it might appear to be. I think he will agree that the federal government cannot say to industries, "You will go to Glace Bay," or "You will go to Fredericton," or "You will go to Edson, Alberta, and set up an industry there." He did not suggest that in his speech. He did suggest public ownership sponsored by a combination of federal and provincial funds by way of public investment.

However, with regard to that second part of his resolution, there are a few indirect, if not direct, things that the federal government is doing in his own countryside of Cape Breton. For instance, my colleague, the Minister of Mines and Technical Surveys, in co-operation with the province, is carrying out a very intensive search for base metals on Cape Breton Island. I also point out that the Minister of Public Works, in co-operation with the province of Nova Scotia, has built a causeway which I am sure will mean for the tourist industry of Cape Breton Island a great deal in the years to come, including the oncoming tourist season. Perhaps the Minister of Citizenship and Immigration would not agree with this as a motive for confederation of Newfoundland with Canada, but nevertheless the fact of that confederation is making it possible for more employment in Cape Breton, and particularly in Sydney, than they would ever have had if confederation had not been carried into effect.

I turn now to the third part, which is the one that affects me most directly. His resolution states:

—if such measures do not fully meet the problem in a given community, to assist people in the area concerned to resettle in other communities where alternative employment can be provided.

For the purposes of my discussion, if my hon. friend will permit me, I should like to insert the words "therein or", so that it would read:

—to resettle therein or in other communities where alternative employment can be provided.

We have had some experience with that latter part of the hon. member's resolution. I am not attempting to say it has been a vast experience. I would rather say it has been to some extent experimental because a great need existed in several areas of Canada during the past few years, and we have tried to see how far the co-operation amongst the two agencies for which I am responsible, namely, the unemployment insurance commission and the Department of Labour, which has vocational training, and the province and the municipality, could work.

I am going to take first what my hon. friend referred to in his opening remarks as ghost towns. My department has taken action in three ways, and in all of them it has been co-operative. One has been when an industry closes up in an isolated community and there is nothing else at all, in other words, when the community becomes a ghost town. We had two or three examples of that in the province of Alberta. The hon. member for Cape Breton South referred to them in his address. I should like to refer to them also because, while I shall admit that the lead in the rehabilitation of people and

the movement of people was elsewhere, nevertheless I should like to put on the record that both in vocational training and in the national employment service the federal department co-operated very fully as well.

In Alberta in 1934 authority was provided, through action of the legislature, for the expenditure of an amount not to exceed a total of $100,000 for any purpose whatsoever to assist in the rehabilitation of coal miners who had become unemployed in areas designated by the lieutenant governor in council. A miners' rehabilitation committee was set up and it was decided by that committee that all the people would have to be moved out. The committee made arrangements for a complete on-the-spot investigation of the situation and it found that in all there were over 800 workers, most of them heads of families, who were affected. It was decided that placements would be made under the rehabilitation program with the co-operation of the national employment service, and that is where our federal activities in that field came into the picture. It was decided that the possibilities of retraining under Canadian vocational training and apprenticeship legislation should be investigated and that travel warrants chargeable to the provincial appropriation should be issued, where necessary, to transport workers and their families to areas where other work could be provided.

I will agree with the hon. member for Cape Breton South that that set-up, in a time of very great need for the communities concerned, worked very well indeed. Through the efforts of the joint committee, the unemployment service and others a very high percentage of the coal miners who were unemployed in those towns were relocated in other mining areas where they could be employed or were placed in other suitable forms of employment or were given training for other activities. There were some remaining problems, particularly amongst the older workers, and that will always arise in any such attempt to move people or to retrain them for other activities. It is found very difficult to move and place people in the age category from 45 up. However, by and large the effort was successful and the satisfactory result obtained in Alberta is, I think, a very good example of what can be done by close co-operation. It was an ad hoc effort and required a special act of the provincial legislature to put it into effect.

I turn now from the question of moving a whole community from one area to another to the question of another type of community, one with increasing opportunities for work in the same general area, a community where an industry closes down for good but where in the general area other things are coming into operation. That of course, is what the hon. member who sponsored the resolution hoped might be done either by chance or by government intervention wherever people are thrown out of work.

I am going to take an example of this category in my own province of New Brunswick. In the town of Marysville there had been a large cotton mill there for 80 years, and two years ago last February it closed down for good. At the time of closing about 400 persons were employed in the mill. There had been more than that but that was the approximate number at the time of closing. It was a great tragedy for the town of Marysville which depended almost entirely upon the cotton mill. There were some people who were retired and some who lived in Marysville but worked in the city of Fredericton. Nevertheless the closing of the mill meant that the situation was going to be very difficult for those who had worked there and for the town itself.

The two ministers of labour, the minister of labour for the province and the federal Minister of Labour, met, discussed the matter and agreed to co-operate to the fullest extent. That co-operation was carried out and under the vocational training agreement with the province of New Brunswick a committee was set up. That committee interviewed 250 persons and recommended 118 out of that number for training in 17 different occupations. While that was taking place the national employment office in Fredericton was carrying on a special drive for the placement of those who did not want or did not need to take training. Included in the latter were some who had worked in the offices, some who had worked in the factory itself, some who had worked on maintenance, some who had semi-skills, and it was reasonably easy to find placement for them, although I will admit that the problem arose at a time when employment there was not nearly as buoyant as it is in central New Brunswick or in Canada as a whole at the present time.

I should like to acknowledge the way in which a good many other employers took a keen interest in those who were unemployed in the town of Marysville and found work for them. I should like to mention those who were given special training. Temporary training facilities were established by the provincial government with the assistance of the federal government for the purpose of assisting those who wished to take training. Training was carried out

in carpentry, electricity, plumbing, automobile mechanics, commercial work, hairdressing, barbering, practical nursing, metal work, meat cutting, welding, dry cleaning and radio servicing.

The training was carried on by the province with the federal government assisting in the cost on an equal basis, and it was a very successful experiment. The last report indicated that over 95 per cent of those who received training were employed in the field for which they were trained.

With due respect to the remarks of my hon. friend, I will admit at once that it would not have been possible to find employment for these people in the work for which they were trained and in the way that it was possible to do it if it had not been for the fact that an increasing number of openings came about through the establishment of Camp Gagetown in the south and the commencement of work on the Beechwood project up the Saint John river. This was a case of attempting to overcome a very difficult situation in an area in which, speaking generally, job opportunities were on the increase.

I am going to go back to the great province of Nova Scotia which I visited over the last week end and where I found 15 feet of snow banked in some places. We will take a community where industry is at a low ebb, not completely out of operation but in such a state that the immediate community cannot absorb those who are becoming unemployed without some special action. In other words, I refer to a community where employment is not on the way up but rather is stationary or slightly on the way down. I am going to take the town of Westville, Nova Scotia, because the experiment there took place about the same time as those to which I have referred.

I refer now to the closing of the Drummond mine in 1954. There again was a closing in the midst of an industrial area in which there were few opportunities for further employment at the time. A good many workers in that mine were thrown out of employment. Classes were established by the provincial government of Nova Scotia, in co-operation with the federal government, to train unemployed miners in four trades. They were welding, plastering, barbering and auto body repair. There at Westville 71 persons were enrolled in the first six months' course and all of them have been employed in the fields in which they were trained.

The reason for that was that the number, as is indicated, was not large, but they were trained in activities, for which those who arranged it were quite sure they would be able to find openings. Two of the classes have been continued at Westville. Special classes for unemployed more recently have been established in Sydney, North Sydney and Glace Bay in sheet metal working, diesel engineering and auto body repairing. My friend the hon. member for Cape Breton South can tell us about that matter more clearly than I; but that training has been going on for a short time and I believe that within the very small limits in which it is operating, it is having useful results.

Mr. Gillis: It is doing a very good job.

Mr. Gregg: So much for training or experimenting in the task of training unemployed workers for work within their immediate vicinity. But in his resolution my hon. friend has these words "to resettle in other communities where alternative employment can be provided". I am sure that, from the introductory remarks in the moving of the resolution, we all gathered that this kind of activity was not one about which the hon. member for Cape Breton South was very enthusiastic. I can agree with him in that regard. I do not approach with any enthusiasm the necessity of uprooting established families in one part of Canada and moving them to another part of Canada, particularly families that have been in a given community for a good many years.

Within our country I think we must always have young workers who are free of responsibility, energetic and willing to engage in adventure and go off and work in those things that are happening on the frontiers of Canada. If we do not have them or if we do not have people coming in who are prepared to do that, those activities will not be successfully carried forward. But in the kind of communities I have mentioned, in Westville, Marysville, Glace Bay, Sydney or Sydney Mines, it is not at all a cheerful prospect to move families out unless it is absolutely essential.

We have, however, in this field felt that it was justified in some instances. For this fiscal year 1955-56, which has been a fairly busy year for everybody, we have assisted in the movement of 253 unemployed workers. They have all been from Nova Scotia during this fiscal year. The movement was carried out under the plan of our national employment service. Of those 253, 213 were former coal miners, 174 going to the province of Quebec and 39 to the province of Ontario. Some 34 of the others were placed in jobs as labourers at Camp Gagetown while the remaining 6 included 4 diesel mechanics, 1 recreational manager and 1 physical instructor, all of whom were transferred to jobs which were known to exist in Quebec and Ontario.

The Department of Labour and the unemployment insurance commission are continuing to work closely with the provincial department and others concerned in this matter, and studies are also being made of the local areas that fall or might fall within one or other of the three categories of communities I have mentioned. Fortunately as far as we can see ahead in this year of 1956, I do not think there will be the necessity for the assisted movement of many unemployed persons from the maritime provinces to the other parts of Canada.

Many things related to this resolution have been touched upon in the debate in this house since January 10 last. I hope this resolution itself will receive discussion, as was mentioned by the hon. member for Cape Breton South when he introduced it. Even though the work going on under the sponsorship of the Minister of Labour does not in any sense carry out that great picture that he presented a little while ago, nevertheless it is something—even if it is only a thumb in the hole of the dike—to keep the hole from becoming too great. When the discussion is completed I would hope that the hon. member for Cape Breton South might feel that his purpose has been accomplished and be disposed to let the resolution be withdrawn.

Mr. A. J. Brooks (Royal): Mr. Speaker, I wish to speak for just a few minutes on this resolution. It is so nearly similar to a resolution which was discussed in this house two weeks ago that I fear one could find himself repeating many of the things which were said at that time if he did not watch himself carefully.

The hon. member who introduced the resolution spoke about ghost towns, or the possibility of ghost towns, in his own province and in other parts of Canada. I am happy to say that in New Brunswick we have no ghost towns. Mining, of course, is something in connection with which I suppose you can expect ghost towns. One of the finest examples in Canada is that of Dawson city up in the Yukon, which I believe at one time had a population of 15,000 to 25,000 but which now has a population of 200 or 300 owing to the fact that the industry upon which it was built has petered out.

I believe there are also ghost towns in northern Ontario. But we do not need to worry so much about cities like Dawson city up in the north. That is a thing of the past. As far as ghost towns in Ontario are concerned, as the minister mentioned a moment ago, the fact that we pay to move people from the maritime provinces to Ontario to get work would indicate that there must be plenty of work in the province of Ontario for the people who would come from mining or other areas. I do not think it is as much a problem there as it is in the maritime provinces.

The solutions suggested in the hon. member's resolution I would say are merely of a temporary nature. The motion suggests the movement of men from one province to another, and recommends the giving of instruction to those people who have lost their employment so they can take other employment. In my opinion this is only a palliative, and so far as we are concerned in the maritime provinces we hope there will be some more permanent solution of our problem than is suggested in the resolution, though I am very much in favour of the suggestions as temporary measures.

The minister has spoken about the town of Marysville in New Brunswick. We all remember the great problem these people had a few years ago when they lost their industry which, as he said, had been there for 80 years. Many people were thrown out of employment. The minister gave the history of the situation, but I just want to say that we cannot help but feel great admiration for the people of that town who rehabilitated themselves more by their own efforts than by the efforts of the province or the dominion.

There was another town in New Brunswick that, in a way, suffered as much as Marysville, and that was Milltown. I have mentioned this before, but the employees of the factory in Milltown would not accept defeat. When the head of the textile industry in Canada said they would have to close their mill the workers said no, it would not be closed. They said they would put up the money themselves to carry on, with assistance from the town. I think everyone is very happy to know that today this factory is carrying on much as it did before, and the people have almost completely rehabilitated themselves. I mention these two instances to show how much can be done by the determination of people when they wish to overcome their difficulties.

My main argument today, Mr. Speaker, would be the same as it was two weeks ago when another resolution concerning decentralization of industry was before us. I say these temporary measures are not enough. Something of a more permanent nature is needed. The maritime provinces are losing their people and losing their industries. This is the result of policies not of this government particularly but of governments since the days of confederation. It is the result of our rail rates and defence production, as I mentioned here the other day. If carefully reviewed, and I think they will be carefully

reviewed when the Gordon report is studied, these are things that will be of help and I do not believe the situation the hon. member mentioned today will again arise in any section of this country.

He spoke about the coal industry in Nova Scotia. I know very little about that. I know that industry has received about $10 million to $12 million a year in subventions. The coal industry in New Brunswick does not ship much coal outside of the province, and received only some $11,000 or $12,000. There is no comparison, of course but our coal industry has been getting along fairly well in the last few years as a result of the use of coal in the production of electric power. Then, too, the pulp mills in New Brunswick have been using coal from our coal fields. I understand that Gagetown camp, as a result of the efforts of many of us including the minister and myself, is going to use coal from Minto for heating.

The chief industries, of course, in our province have been the primary industries. If we want a balanced economy we have to establish more secondary industries, more manufacturing industries. If the maritime provinces and other parts of Canada, which may be more or less depressed, had a balanced economy they would be all right. I feel that is more a problem for this federal government than it is for the provincial governments. They should see to it that there is a balanced economy in all parts of Canada. If that were done we would not have resolutions such as this coming before the house.

As I have mentioned before, there was a time when the southern states of the United States were a depressed area. They produced their cotton and shipped it to other parts of the country as well as to other countries. They were just pickers of cotton and did all the manual work. Some years ago the Tennessee valley authority was established and power was given to the southern states. Industries were established, and today you have a balanced economy in that part of the country. You do not hear of the depressed conditions there as you did some years ago. From about 1926 to 1939 industries in the New England states failed in great numbers. About 40 per cent of their factories closed and 25 per cent of their workers were unemployed. Efforts were made by the federal government, by the states and by the municipalities to improve that situation, and today conditions have entirely changed.

There are many ways we might suggest for solving this problem. As I said a minute ago, when this Gordon report is brought before the house and the people of Canada have a thorough understanding of it, there will have to be very careful consideration given to it. We want a united country. I was reading the article to which the hon. member for Cape Breton South referred in *The Ensign*. It mentions that the maritime provinces are looking 25 years into the future and points out how these provinces have been neglected over the years. There is the suggestion that there is no excuse for it, and that it is a matter for study by governments and people in the country.

I do not think there is anything more I wish to say this afternoon, Mr. Speaker. If I did I would be simply repeating what I said two or three weeks ago. I am in favour of the suggestions in this resolution, but I cannot help pointing out again that they are of a temporary nature and should not have to be made at all. I mean there should be some permanent policy in this country that would do away with the need for palliatives of this kind. We should have a balanced economy from one end of Canada to the other which would give to the maritime provinces and other depressed areas of this country the same opportunities for their young people and for their old people that exist in the central provinces.

Mr. F. T. Fairey (Victoria, B.C.): Mr. Speaker, I listened with a good deal of attention to the mover of this resolution, the hon. member for Cape Breton South, who stated his problem with his usual conviction and clarity and one would wish one could emulate him. As I said, he stated his problem, and his speech had the added virtue of suggesting remedies. Of course he speaks from experience in a part of the country, his own constituency, which over many years has suffered dislocations and distress through the decline of the coal industry.

Of course this problem of ghost towns, or the shift of emphasis in manufacturing, is not a new one. We experience it all over Canada. In fact we have had it all over the world since the days of the industrial revolution. One can recall in the early days areas of the old land that were devoted entirely to one particular industry where new inventions, the advance of science, and the change in methods deprived large numbers of workers of their employment, although in the long run those inventions and advances created other jobs, perhaps more jobs, but certainly not the same kind of jobs. These changes did result in a greater mobility of the labour force.

In my own province where most of our industry until quite recently was in what might be called extraction industries, and in all places where we deal with wasting assets, the movement of population is inevitable. In my own province where lumbering

is one of the chief industries, as the trees are cut the workers must move forward. In the mining industry we have also suffered from the depletion of resources and the resultant evident ghost-town situations. Throughout British Columbia in the mining industry there are at least half a dozen small towns that those of us who come from that province still remember. They simply do not exist today, either because the mines were worked out or because production costs did not warrant the continuance of work in that area.

It seems to me that the solutions that have been suggested by the hon. member for Cape Breton South have some merit. He speaks of direct government assistance for the establishment of additional or alternative industries. The question is, how can government influence the establishment of new industries in such areas? It seems to me that is a matter for local and private interests. I recall a town in British Columbia, the town of Nanaimo, which 20 years ago was a mining town. It was common to see miners walking around that town with pit lamps on. Now the mines are closed. I do not know whether there are any mines at all that operate in that area at the present time. Nevertheless it is one of the fastest growing towns in British Columbia because of the establishment of distributive industries or occupations, and because of the nearby establishment of new industries connected with lumbering. Nanaimo today is a distributing centre and not a mining town. Unfortunately there are others which suffered the fate of their industries closing down which have not been able to recover to the same degree.

Who is going to establish those secondary industries? Industries are usually established close to the necessary raw materials, and where there is a sufficient working force. It was my intention this afternoon to speak more of the provision of an adequate working force, properly trained, than to deal with the economic factor which is the establishment of the industry itself. That phase of my proposed talk has been so adequately covered by the Minister of Labour that I am afraid I shall have to repeat some of it.

It was my privilege at one time to be in charge of one of the projects he mentioned, namely the training program under the Vocational Training Co-ordination Act. I note with pleasure that the estimates which have been tabled show that $417,000 is provided for this particular branch of training, the training of unemployed workers. Perhaps that is not an adequate sum, but I do notice that it is an increase over last year, when the sum allocated was $360,000. I did note, too, that not nearly all the amount appropriated had been spent, and that may be due to the general prosperity of the country.

In dealing with a particular area such as the one described by the hon. member who is responsible for this resolution, I think one must say that it is a mistake nowadays to train persons, or to have persons devote themselves to, a particular trade or occupation. The tendency in training now is away from specialization as mechanics in a particular field to training in an area of occupation, so that one is not condemned, I was going to say, or circumscribed by the necessity of working in the particular occupation for which he was trained. His skills are such as to enable him to transfer his talents to an allied industry where, because of his general training, he can find employment, activity and satisfaction in some occupation which is allied to the one in which he formerly showed interest.

I mean by that, it is not necessary nowadays in industry to have a vast number of skilled artisans to the same extent that was necessary before the machine age, or before the machine age was as highly developed as it is now. Machinists in some degree, of course, are necessary, highly skilled machinists. The house may recall that on another occasion I emphasized the importance of providing this country with a large number of properly skilled tradesmen who would be in a supervisory field; but the great bulk of our trained workers now are trained in a wide variety of skills.

The main job is servicing and operation of machines. The mechanics who build and set up the machines are not required in the numbers they used to be. Therefore training should be on a broader base, so that a person who trains as a machinist could easily transfer into the automobile field or the diesel engine field or any field where similar skills are required. I think the tendency in technical schools and other institutions in this country is in that direction.

I think one of the remedies for the ills which have been described here is to train more people more widely than they have been in the past so their skills can be used and they themselves will not be compelled to work in other than the places where they were born and brought up. I agree with the minister when he says that in a country such as Canada we need people who have energy and the spirit of adventure and are willing to move. This is still a country of frontiers. It is a young country crying for development, and it requires the type of person who is willing to move from place to place where his skills and knowledge are required and can be put to use.

I know this is pretty small comfort for people in the older parts of Canada who have occupied themselves for many years in industries such as coal mining. They have made investments in their homes, in their schools and churches and there is a natural reluctance to move. But if they have been working in an industry which is dying or which is dead, then they should be ready to move. That is all there is to it. It seems to me ridiculous to try to persuade people to live in a place where there is no work. Therefore the remedy, as I suggest, is a greatly expanded training program, perhaps for the younger people, so that when employment ceases in a dominant industry they will be prepared to move to where jobs do exist.

There are two remedies. One is the establishment of secondary or other industries if conditions permit, and the other is an expanded training program together with a proper survey of the situation so we do not embark upon a training program for jobs which do not exist. I know that the Department of Labour does make these surveys and does know where there are jobs waiting for skilled workers. I do think that as part of the program to train people and move them as individuals, something further might be done to help them and their families locate where employment is possible.

I was a little surprised to hear the hon. member for Cape Breton South say that the problem in his own constituency or province was one of transportation and lack of markets. It seems to me that if it were possible to establish secondary industries manufacturing a variety of articles in that province, the fact that they would be close to the Atlantic seaboard should be to their advantage. I am a little at a loss to understand how the products of such industries would have any difficulty in reaching suitable markets. If they would have difficulty in that regard I wonder what we have in British Columbia, which is nearly an additional three thousand miles away from the European markets.

I do not think I have very much more to say. This is a distressing problem. I think the thing to do is to establish an expanded training program for the younger people. I have had experience with older people who were in the early fifties trying to get them to move from their homes, but they resisted. Many people in the late forties or early fifties have the idea that they are not suitable material for training, but that is not so. However, it is most difficult to persuade them that they are.

[Mr. Fairey.]

I commend the hon. member for bringing this resolution before the house at this time. He said he did so simply to provoke discussion and concentrate the attention of hon. members of the house on a problem which cries for solution.

I notice that there are two parts to the resolution and I note also that the hon. member has been wise enough to suggest solutions to the problem which he enunciated. One was direct government assistance for the establishment of additional alternative industries in the areas concerned. I suggest that would be something beyond the responsibility of the federal government except in so far as it could and should undertake to make surveys of the possibility of establishing such industries in these areas. They should give wide publicity to this in order to acquaint those who are engaged in similar activities in other parts of the country with the advantages of locating in one of these distressed areas. Certainly anything they could do in that regard, particularly in concert with the municipal and provincial authorities, would be a step in the right direction.

The second remedy the hon. member proposed was assistance to people living in these areas to resettle in other communities where alternative employment could be provided. If he means that the government should undertake the wholesale removal of complete communities I think he would run into great difficulty for the reason I have stated, that is the reluctance of people to leave the communities to which they are attached. However, I agree wholeheartedly with him if he means that by training and other inducements the younger people should be shown that it is to their advantage to move to where better employment is obtainable.

Mr. G. C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, as the hon. member for Cape Breton South said when he moved the resolution, it is all-embracing, taking in a wide field which I think probably encompasses municipal, provincial and federal governments. He has said that he has moved this resolution for the purpose of creating discussion, and in that way it is all to the good. While I might not be in entire agreement with some of the matters to which he referred, substantially I support the resolution and the viewpoint which he advanced.

I participated in a debate a few days ago on the decentralization of industry which I think to a large extent focused attention on the same problem dealt with by this resolution. This afternoon I intend to speak briefly, primarily because of my feeling for a fellow member from Nova Scotia but also because

the problems he raises are those which are of particular importance to the maritime provinces of Canada.

As the hon. member for Victoria, B.C., (Mr. Fairey) said a few moments ago, and as the Minister of Labour said, there are three facets to this proposition which the hon. member for Cape Breton South has suggested. In so far as moving people from their homes is concerned, no one minimizes the difficulties in such a proposal. After all, I suppose there are as many people settled on poor farms, who have had to vacate those farms because the soil was poor, as have settled in industrial communities. That is essentially, perhaps, a municipal problem. I know that in my own province there are thousands of homes which have been established and which, owing to the force of circumstances, have had to be vacated. That is, of course, in agricultural areas.

The hon. member mentions specifically the problem in his own home town of Glace Bay. I realize there is a problem there, but the problem of timing is also important. I can remember when I was in the legislature, more years ago than I should like to recall, that I was chairman of a committee having to do with private bills. The town of Glace Bay used to send down borrowing bills which came before that committee in the legislature, and the committee could not pass the bills because at that time the securities or bonds of the town of Glace Bay were supposedly so risky that the legislature would not authorize the borrowing program unless some other guarantees could be obtained.

Later on, owing to efforts by this parliament and by the Conservative government at Ottawa, that is the Bennett government, a system of subsidies was introduced. As a result the situation changed for the better, and Glace Bay became a thriving and prosperous community again. Today there are differences inherent in the coal mining industry there. There is a problem of timing. In the case of some industries it should be easy to say, "that is an extractive industry, and it is through; something must be done about the community." Usually that can be recognized some considerable time in advance, however. People who own their homes there probably have made arrangements so they are not too terribly prejudiced by that occurrence. Nevertheless, there is a problem in that connection.

I suggested by inference, with reference to the town of Glace Bay, that there could be government assistance for the coal industry, not perhaps the direct establishment of industry, though that is one phase of it, but assistance to the industry itself which will, as it did in the case of Glace Bay and the coal mining industry generally of Cape Breton, reestablish that industry for a period of 20 or 25 years.

A few moments ago the hon. member for Victoria, B.C., said he could not understand the hon. member for Cape Breton South when he said that transportation was a problem affecting us in Nova Scotia. He thought that if we were able to manufacture goods in Nova Scotia we would be able to overcome the transportation problem because, after all, we were on the Atlantic seaboard and therefore had an export position. I quite agree with the latter deduction. I have said—and in that perhaps I think there is no difference between the hon. member for Cape Breton South and myself—that we should be able to capitalize on that export position. Transportation, in so far as water export is concerned, is to our advantage. But what we do require are facilities such as I might mention in a moment, with which to deal with that matter. When the hon. member for Cape Breton South was referring to transportation problems, I am sure he was thinking of transportation to the Canadian market.

Mr. Gillis: I might inform the hon. member, if he will excuse me interrupting, that I quoted the Nova Scotia government's presentation to the Gordon economic commission.

Mr. Nowlan: As I say, what I am sure the hon. member had in mind was the transportation problem to the Canadian market; and that is a real problem. The hon. member for Cape Breton South referred to other provinces and said he wanted them to remember that they had frontiers which could be rolled back, whereas we had none. That is perfectly true. But there is another thing that should be remembered. I think it is recognized, but I wish to emphasize it in view of what the hon. member for Victoria, B.C., said a moment ago.

When the maritimes entered confederation this transportation problem was envisaged. The government of the day appreciated it, and we were told there would be a solution to that problem by the construction of a railway from the maritimes to central Canada which would give us access to those markets. The Intercolonial Railway was built for that purpose, and we were told we would be able to move our goods over that railway and into the Canadian market and so be in a competitive position with industries in other parts of Canada. That pledge has not been kept.

Another point that must be borne in mind is that the Intercolonial Railway was built over a twisting, tortuous route along the coast of New Brunswick and the bay of Chaleur and into the province of Quebec, in order to protect the provinces of Ontario and

Quebec from possible attacks by a foreign power. We were to have this railroad established over this long route, so that troops, presumably British troops, could be brought to Halifax and forwarded to Ontario and Quebec along that long route. That was the D.E.W. line of those days.

Today we in the maritimes are paying the price for that, because those pledges have been forgotten; they have been overlooked. We are benefited by the Maritime Freight Rates Act, which means at best only a discount of 20 per cent. We are paying virtually the same freight rates on that long, tortuous railway as any other shipper in the country. That is one approach that can be made toward the solution of this problem in the maritime provinces.

The Minister of Labour says it is very difficult to establish industries directly. I realize that is true, but I think this government could do much more toward that end than has been done. In the matter of rail transportation there is a direct contribution that can be made and must be made.

Again, referring to the water transport position which the hon. member for Victoria (B.C.) raised, that can be overcome only if we are provided with adequate shipping so we can take advantage of the export position. I mentioned that the other afternoon in discussing the estimates of the Department of Transport. I am not going to develop it further here, but I hope to do so at a later date. However, when we have a situation such as exists in the maritimes at the present time, when we are not able to ship our products—the ones we do have—out of the province by water because, for instance, we have not refrigerated space for shipping apples, then there is some contribution that can be and should be made toward that end. It is the responsibility of the government to do so, because you cannot expect private enterprise to initiate shipping lines. They might perhaps be able to do so later on, but not at the moment.

Again, the hon. member for Cape Breton South was speaking concerning the situation confronting the coal industry. Today I received a letter from a friend of mine in the Truro yards, and he tells me that in those yards on last Friday were 500 cars of coal, steel and lumber tied up because there are no locomotives to move them. We must praise our friends from the west, who make such a case for wheat, because he says that all the cars he sees going by are carrying wheat. You might expect the coal industry to be maintained, particularly at this time when there are blizzards occurring in the maritimes and there is a demand for coal, but how can it be maintained when these cars are allowed to remain in the yard? That is one part of this question.

I want to subscribe entirely to what the hon. member for Royal said. No matter how important they are, the steps suggested here are virtually palliatives when the ultimate, over-all question is considered of developing an economy which goes from the east coast to the west coast. That is what we require, and that is certainly what I am sure the hon. member for Cape Breton South, as well as every other maritime member, wants for the maritimes. It can be done, but you must have an over-all approach to these problems, and something in that connection can be done.

Again referring to the coal industry, I have perhaps more faith in that industry than the hon. member for Cape Breton South because of the fact that the dominion coal board says that over the period of the next five to ten years there will be an increasing demand for coal again as costs of other fuels continue to mount and reach the level at which coal will become an economic fuel throughout the country. But certainly that does not minimize the problem which he suggested to the government, and I am not criticizing it for this at the moment, not only because of any pipe line which may be constructed but because of the construction of the St. Lawrence waterway which will virtually eliminate the market for maritime coal in the St. Lawrence river area.

There again, Mr. Speaker, transportation may solve that problem to a certain extent because last year, as we know, Nova Scotia was able to ship coal to Great Britain, to ship coal to Newcastle. That old cliche of carrying coals to Newcastle, the impossibility of impossibilities, became a reality last year, and to some extent it materialized because of the government providing a subvention for the movement of that coal. I am not so sure but that in the future there may be more and more coal moved to that market as Great Britain becomes more and more dependent upon imported fuels. There again the government can make a contribution toward that end by making it a permanent policy, not one from day to day and one shipment to another, with respect to whether the subvention will be paid now and not paid next month. That is a contribution which can be made.

Then there is the matter of the turbo engine. The hon. member for Cape Breton South referred to dieselization. I certainly feel that something more should be done about the development of the turbo engine using coal than has been done heretofore.

The hon. member also referred to the competition of residual oil with coal. That is a possibility, possibly a probability, but the maritimes are trying to help themselves in that regard.

I referred the other day and I do so again to the Nova Scotia Light and Power Company. If any company in the world should burn residual oil in their furnaces in the development of electricity, it is the Nova Scotia Light and Power Company Limited, whose plants are located on one side of Halifax harbour, and directly opposite on the other side of the harbour are the vast tanks and refining plants of the Imperial Oil Company where the residual oil of which he speaks is brought in from Venezuela. But the Nova Scotia Light and Power Company is not burning residual oil. It is burning Nova Scotia oil in its furnaces and proposes to continue to do so. It is thereby making a contribution of its own toward the stability of that industry and the economy of Canada generally.

Without taking further time in the discussion at this point, Mr. Speaker, I do want to emphasize again that there are contributions which a government can make. Regardless of moving people from one locality to another, forgetting for the moment the establishment of specific industries in any one place, if we decide on an over-all program for the development of this country as a whole, then in matters of transportation and other things a real contribution can be made. A study of resolutions such as that which has been moved by the hon. member for Cape Breton South this afternoon will, I trust, focus more attention on the problem and suggest approaches which this or any other government can make toward a solution.

Mr. F. A. Enfield (York-Scarborough): Mr. Speaker, I inject myself into the debate this afternoon at the risk of becoming known as the central Ontario expert on the maritimes. Of course the resolution as it is worded does not necessarily encompass strictly a discussion of the maritime area, although it is understandable that the particular interest of the hon. member for Cape Breton South in introducing it would be centred on what seems to me to be the perennial problems of that part of the country. I want to compliment the hon. member for Cape Breton South. I think he is one who has spent his life as a champion of the needy, the under dog, and he certainly does give effective expression to the needs and wants of the maritime region in general and his own riding in particular.

When I compliment him, I do not, of course, want him to feel that I agree entirely with everything he has put forward for our consideration. He said he hoped the resolution would be thought-provoking, and certainly it is obvious that it has been just that. I think it is out of discussions carried on in a relaxed atmosphere such as this that we may often find very comprehensive and concrete proposals emerge. Let us hope that is the case here.

The resolution suggests that the government should give consideration to providing economic rehabilitation in areas where extreme hardships result from the closing down of the principal industries. Two methods of rehabilitation are suggested, I presume in order of preference. They are first, through direct government assistance and, second, through methods of assisting the movement of the people concerned.

It is rather awkward in these matters to get down to cases so far as direct government assistance is concerned, and so far the debate has been noticeably void of very many effective suggestions, shall I say, as to what direct government assistance might be provided. It is also obvious that the latter part of the resolution regarding assistance to people to move from one community to another is at best something placed there as a sort of distasteful alternative to anything else that might be done, as something that we do not want to be put in the position of having to carry out.

It seems to me that the problem is not so much one of looking after communities where a particular industry has failed, resulting in the people of the community being left without any employment, but rather is a general problem of the diversification of industry in Canada. Obviously a company town depending on one industry is in a very poor position if anything happens to that industry through labour difficulties, a depression, recession or anything else that may occur. It is the question of having a sufficiently broad diversification of industry in any locality, not merely in the maritimes, to provide a cushion so that when difficulty occurs there is something there to take up the slack.

This has been a problem in Canada since confederation. It was noticeable in the last depression of the 1930's when we were—and we still are to some extent—a country engaged mainly in the extractive industries or industries involving the development of our natural resources where the bulk of the product is exported. Obviously when trouble does arise in the world—and we saw world deflation in 1930—the effects on such an economy are felt immediately in a country

where you are depending almost entirely on exports to the rest of the world.

The diversification required was not present in the thirties, and of course since that time we have made great progress in the development of our secondary industries. I think that is the whole key to the solution of this particular problem, both in the maritimes and in other parts of the country. How best can you develop secondary industry and, of course, how best can you continue the development of your resource industries?

I want to examine for a moment some of the factors that make for the location or the establishment of industry in a particular locality. I want to do this and endeavour to outline what I might call the natural forces that go to make for that location of industry, and then endeavour to see what you can do to tinker—"tinker" is not a very good word—rather to influence the natural forces, and then to look at some of the things that this government actually has done in this field. I thought this might be a logical and reasonable approach to the problem of the diversification of industry.

The natural factors and forces that go to make for the establishment of industry have been mentioned many times in this debate and I will not labour the point. Obviously transportation is one of the keys. Transportation is perhaps one of the most important single factors in our geographically widespread country. Transportation has had a terrific impact, of course, upon the maritimes. The maritimes at confederation and after it were thriving. They were not obliged to compete in the first instance with steam transportation of any kind, whether it be by rail or by ship. Then we saw the development of the railways, cheaper transportation through that means and through the steamship; the maritimes not able to ship their goods and manufactures as cheaply to central Canada where the dense market was building up and, on the other hand, central Canada able to ship its products to the maritimes through the cheaper transportation and cheaper costs arising from its greater ability to mass-produce goods.

Situated as they are geographically the maritime provinces—and I am excluding Newfoundland—certainly got the short end of the stick so far as the development of transportation is concerned. I know there is great concern over our latest transportation advance in the St. Lawrence seaway. We hope the impact on the economy of the seaway and the power project that goes along with it will be such that it will produce sufficient extra or increased business to outweigh any bad effects it may possibly have on the maritime economy.

Of the other factors I would put next in importance sources of energy. By that I mean hydroelectric, coal, oil, gas and now atomic energy. Of course we have a hydroelectric economy, and certainly some parts of the country are greatly endowed with cheap sources of hydroelectric power. Taken with the transportation factor, the two forces are almost impossible to overcome in so far as competition from other parts of the country is concerned.

Another factor is labour. In my opinion labour will go eventually where the jobs are. But, of course, when locating every manufacturer wants to see a reservoir of labour in order to be able to produce his goods. It seems to me that the maritimes particularly provide a good source of labour.

Mr. Murphy (Westmorland): Thank you.

Mr. Enfield: One hon. member says "thank you". I made that point because I had been impressed by the willingness to work of the maritime members whom I have had the good fortune to meet in the house.

The fourth point, of course, is the availability of raw materials. Again that is really part and parcel of the transportation problem. We have seen how we have been able to build up a heavy steel industry on the great lakes not only in Canada but in places like Cleveland, where cheap transportation by ship through the great lakes system has allowed free movement of coal and iron ore, thus putting the industries concerned in a highly competitive position.

Last but not least is the availability of a market. If you can show a manufacturer where he can sell his goods at a profit, you can almost certainly promote something. You can almost certainly sell him on the idea of locating if you can show him that he can produce a particular object, whether it is a can opener or an automobile; and if you can show him where he can take that object and sell it on a competitive basis, of course he is ready to go in. In my opinion it is the availability of a large market close at hand that is the big factor.

Of course that is the one factor with regard to which the maritimes have a particularly difficult row to hoe, closed off as they are from the natural market on the Atlantic seaboard of the New England states; completely surrounded, as the hon. member for Cape Breton South has said, by the sea, and a long distance from the central Ontario market where transportation problems have worked to the maritime's disadvantage. There you have an isolation from any market.

The example of the recent development of a homely foodstuff like fish sticks outlines that

point particularly well. This food commodity which was produced and found to be extremely attractive to the large urban areas, was immediately cut off from shipment to the United States by import tariffs on the part of that country. Hence the only market left—and it was an uncertain one—was that in Montreal, central Ontario and the western regions of Canada.

To my mind those are the five main factors in the location of industry; transportation, energy resources, labour, raw materials and markets. Those are things you must examine if you are going to try to produce a climate in which the development of secondary industry will take place.

What are the most important of the above factors? The balance changes, of course. In the extractive industries I think close proximity to the market is not a main factor. Let us take the example of aluminum. The aluminum producing plant is taken to the source of supply of the hydroelectric power necessary to produce the aluminum. In aluminum we are really exporting huge quantities of hydroelectric power because that, of course, is the main ingredient in aluminum. All the ore that is used in the manufacture of aluminum is imported. On the other hand, exports of aluminum go everywhere. It is not merely a question of close proximity to the market. It is a question of the availability of huge quantities of energy resources in the form of hydroelectric power, and that is that.

In pulp and paper we have the same thing. You also need a source of hydroelectric power in addition, of course, to the spruce forests or what have you necessary to produce your pulp. We have had troubles, however, with the company town problem or the ghost town problem, as it has been termed, in these extractive industries. In northern Ontario there are two towns, namely Kapuskasing and Espanola, which are good examples of how this problem can work. I want to read a short extract from a book called "Introduction to Political Economy" by Professor V. W. Bladen of the University of Toronto. He outlines briefly the two contrasting pictures of Kapuskasing and Espanola. I quote from Mr. Bladen's book as follows:

> The pulp and paper plant must be located near the source of wood, and, therefore, generally far from the centres of population. To provide the necessary labour supply it is necessary to provide a town for the workers to live in. Spruce Falls Power and Paper Company, for instance, is located at Kapuskasing in the midst of 5,000 miles of spruce forest.

I should interject here that this was written in 1941 and the figures must be related to that time. However, the example still holds.

Mr. Gillis: It is still good.

Mr. Enfield: It is still good.

> In the first great war a prison camp was located here because it was so far from anywhere that prisoners had little chance of escape. At this inaccessible point the company needed a labour force of about 1,000 men. They therefore built an entire town of 35 blocks, with 2 community centres, 3 churches, public and high schools, and 325 company houses. There are in addition many privately owned houses. Its population in 1940 was 3,500. The company's investment in the town is nearly $5 million. The town is organized as a municipality. This is the company town at its best—

Now, leaving that for a minute I may say that Kapuskasing is lucky. The company has continued to flourish and it is still a flourishing community. But look at the vulnerability of the people in Kapuskasing, dependent entirely on one company for their livelihood.

I am now quoting Professor Bladen again:

> The story of Espanola is less happy. In 1928 it was a flourishing community of nearly 4,000. There was no municipal organization, the town being governed autocratically by the Spanish River Pulp and Paper Company. The company had built the town, provided the water and electricity, laid sewers, built streets and sidewalks. It established and maintained good schools; and even built the churches. The workers' houses were leased for $17.50-$22.50 per month. They were comfortable, well-built houses with all conveniences including a furnace. Water and electricity were free, and there were no taxes since the company ran the town. The stores, the bank, the skating rink, theatre, community hall, the hotel and boarding houses were all owned by the company and either operated or leased by it . . . In 1930 the mill was closed and has never operated since.

I think, interjecting again, that since this was written Espanola has again come to life with the resuscitation of the company.

> Some of the skilled workers were moved to other Abitibi mills; others left in search of employment. In 1940 there were 1,200 left, of whom 1,000 were on relief. The company continued to maintain the water supply and the electricity supply, and kept the school open. Espanola gives a lesson in the danger of a town depending on one mill.

That, I think, illustrates the danger and the problem, very graphically, of the two towns. There has been an interesting development in Espanola since that time. In about 1948 the town was operated by a company called the K.V.P. fine paper company, and a local group of citizens brought action against the company to prevent pollution of the waterway. The case went through the normal trial court, the supreme court of Ontario; from there to the Ontario court of appeal and to the Supreme Court of Canada. Finally it went to the privy council, and the privy council held that the local residents who complained about pollution were correct in their claim, and upheld an injunction to prevent the company from further pollution of the waterway.

I suppose this background of strife that the town of Espanola had left a mark on the populace and on the Ontario government, because immediately after the privy council decision was passed the company marched down to Queen's Park and a private bill was put through the legislature allowing the company to continue in operation despite the pollution. It shows the problem involved there and the fear of what would happen to that town if the company were forced to cease operations as a result of that series of events.

So much for the extractive industries, and how the problem occurs in that area of our economy. What about the secondary industries? Here the factor is markets. I quite agree with the hon. member for Cape Breton South when he took pains to point out, not once but two or three times, that it is a question of markets and transportation costs that governs the establishment of secondary industries. He referred to that when he was discussing the coal industry in his particular part of the country, and when he made his suggestion that a capital risk fund or public investment fund, as he called it, that would stimulate activity be set up. I do not know whether or not I agree with that, but I should like to deal with it in a moment. I think if you can find markets, particularly in the maritimes, the labour and power will be found. I think transportation costs will be paid. It is a question of finding a place to send your goods where they can be sold at a profit.

Look at our situation in and around metropolitan Toronto. I realize we are most fortunate indeed in that area. We have virtually a golden horseshoe, you might say, extending from Oshawa around the end of the lake and as far as the city of Niagara Falls, covering Toronto, Burlington, Oakville, Hamilton, St. Catharines, Welland, Thorold and Niagara Falls itself. There is certainly no lack of markets. We have a tremendous local market in that area. I believe the automotive industry sells about one-third of all the cars produced in Canada in that area. We are fortunate in having the Niagara power system, and we will be within reach of the power being developed on the St. Lawrence. We have cheap transportation by way of the great lakes. We have some of the largest industrial cities in the United States surrounding the lakes which are easily reached.

In York-Scarborough alone we have two large plants, Frigidaire and John Inglis, catering to a purely domestic market in that area. Then there are the motor companies such as Volkswagen, Rootes, Ford Motor Company at Oakville, General Motors at Oshawa and Studebaker at Hamilton, all dealing with local domestic markets. Many of these are what are known as secondary manufacturing industries. In Scarborough we have the Canada Foils Company and Acme steel plant, both supplying the local market. Then there is the S.K.F. roller bearing plant. Recently we made one of the largest deals, as they are called in Scarborough, for a new industry when the Minneapolis-Honeywell people purchased a site at a cost of $250,000. It shows you what happens where you have all these factors of market and transportation in your favour.

But even in areas such as these you have the problem of the company town which is the subject matter of this resolution. In the local strike of General Motors Corporation employees there were many towns which were affected, but none were affected so much as the city of St. Catharines. There the McKinnon industry closed down during the strike, and it meant a difference of $1 million a month in wages to that city. Again, St. Catharines, while having some diversification of industry, is dependent on this one branch of the General Motors industry, and the loss of $1 million a month in wages had quite an impact on that town for the four or five months during which the strike continued. Therefore the problem is not confined to one particular part of the economy; it can occur even in a part where normally conditions are very good indeed.

We have General Motors plants in York-Scarborough. As I mentioned, the Frigidaire plant is there, but we have so much diversification, so many industries, that a cushion is provided and the effects of the strike were not felt nearly to the extent that they were in some other cities I have mentioned, such as St. Catharines and, of course, London, Ontario, and Windsor.

To my mind that outlines what you might call the natural forces that go to make up the diversification of industry and hence prevent this problem we are discussing; but what can you do? What is the role of government in this situation? Are we just simply to take plants and dismantle them and say, "Well, we are going to move them to some other part of the country and set up industries en bloc, wholesale"? That kind of approach is completely impractical. On the other hand, it is just as bad to sit back and take no action whatsoever, to take a passive action and say, "Well, the natural forces that go to encourage industry will in the long run look after the situation".

What, then, can government do? We have had two or three suggestions here this afternoon. The one that has a great deal of merit in it, of course, is the retraining program that was dealt with at length by the

hon. member for Victoria, B.C. and the Minister of Labour. We had a suggestion by the hon. member for Cape Breton South that a public investment fund be set up. This does not appeal to me, because I cannot see putting any money into an area to set up an uneconomic crown corporation with all the ills, problems and strife that accompany such a development. I think we would have to come in and take a little more indirect action before the point can be reached where your public investment fund would work properly.

The hon. member for Digby-Annapolis-Kings suggested that we should develop an over-all Canadian economy. I agree, but what bothers me about such statements is that they are so general in their concept that no hint is given as to how it can be done. That is what we are talking about. We are endeavouring to discover methods how an over-all Canadian economy could be developed, and we need concrete proposals if we are to accomplish anything.

I would set out a 4-point program that we could study, and this is in conclusion. My first point is taxation policies. Taxation policies have a terrific impact on the development of industry. They have the greatest impact of any governmental activity. Take the corporation tax, at something like 47 per cent. Obviously, as the corporation tax is changed corporations will or will not expand or contract, as the case may be. We can provide special tax concessions, and we have done so in gold mine depreciation write-offs, in the oil industry, for example, and in freight rates. We do have some freight rate subventions in the maritimes. Perhaps that needs overhauling. Perhaps we need to take a good look at it. Taxation along that line would be a very good thing to follow up.

We have our dominion-provincial tax agreements, which endeavour as far as our fiscal policy is concerned to spread our income more evenly across the whole country so that areas such as the maritimes do get a more equitable share of the tax revenue of the federal government. This surely must be of considerable help to the maritime areas.

I have not time to canvass taxation policies thoroughly, but I do think that a great deal of thought should be given to the impact that changes in taxes and new concepts of taxes can have on the development of industry.

My second point is industrial research. We have research going on in atomic energy. Think what a difference it will make to the maritime power resources when atomic energy is available at a cost that can compete with the cheapest form of energy existing at the present time. Why, it would mean a great deal to the base metal mines in New Brunswick, for example, if atomic energy were available at the present time in New Brunswick. Of course research along those lines must continue, and it must be emphasized a great deal more.

I was pleased to see the Atlantic provinces economic council set up, which is a form of research of the best kind, because it takes a positive approach to the problems of the maritimes. It is endeavouring to encourage private industry to come in; it is trying to make the best of the resources they have in the maritimes and in the other Atlantic province of Newfoundland. The council is seeking to revive agriculture, to survey power resources, to make the most of what is there and to encourage a bigger and better tourist trade. These are all positive approaches that governmental bodies can make.

My third point is that there must be a positive effort by the local and provincial governments to promote industry. You can sell industry. The town of Renfrew, which was dependent on textile mills, was in bad shape; yet through some very aggressive and imaginative action by the local council, and I must say the province, they were able to establish an electronics industry which recently opened its doors in Renfrew and is going to employ more people than were previously employed by the textile industries there.

The hon. member for Cape Breton South mentioned cement. They have all the ingredients for making cement in the maritimes; they have all the ingredients for manufacturing bricks and other building materials. They will have a cheap seaway to central Ontario, to the area that is crying for building materials of this kind.

My fourth point is information service, the handling of inquiries from foreign countries. How do we handle these? Where do we steer them? Do we encourage inquiries about the areas that most need the industry? Included under this heading are our technological services and information that mapping survey work provides, and of course information provided by our national research council, which should be emphasized more. It should be pointed out to business that this information is available.

I have had time to scratch only the surface of this problem. In my opinion, Mr. Speaker, there is a great deal to be done under these four heads to alleviate the particular problem with which the resolution deals.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I had not planned on speaking but the hon. member for Cape Breton South made such a good argument this afternoon that I whispered to him I would like to say a few words in support of his resolution.

There was another factor that has resulted in my taking part in this debate. Over the week end I received the commercial letter of the Canadian Bank of Commerce. They have devoted most of this issue to the Atlantic provinces economic council, and it is a most interesting study. One portion of the current statistics will give the Minister of Finance a good deal of satisfaction tomorrow evening because it points up the very buoyant economy we have. I am sure the minister is pleased to be able to report that our gross national product is up 10 per cent compared with the year before, and if we take the last quarter of 1955 there is an increase of 13·5 per cent in the gross national product compared with the corresponding period a year ago.

On this chart 36 items are set out covering such things as industrial production, electric power, railway freight and retail sales. There has been a marked increase in 31 of the 36 items, and only five items show a decrease. One item which shows a decrease is unemployment, about which I am sure we are all very happy. The figures given are for November, 1955, as compared with November, 1954. As would be expected, there is a slump in farm products, but I do not intend to deal with that at any great length tonight. The largest increase, of course, is noted opposite the investors' price index, which shows an increase of 23 per cent.

There is an interesting paragraph in this monthly letter which discusses the problems of the maritimes which have been brought to the attention of parliament by my colleague the hon. member for Cape Breton South, and other maritime members:

> It is no secret that the maritime provinces have long been regarded as the Cinderella of confederation—a Cinderella, moreover, to whom no glass slipper has yet brought emancipation from its disabilities, and to whom the unkind stepsisters, in the form of geographic insularity from the largest domestic market, high transportation costs, and a present, but not necessarily irremedial, lack of certain natural resources—

It directs attention to several of the royal commissions which have been established, such as the Duncan commission and the Rowell-Sirois commission, and refers in part to their findings. Later on its says:

> In almost every facet of economic life the Atlantic region falls below the Canadian average, and in some respects the gap is widening. A few data will illustrate the relative decline in the rate of growth of the maritime economy during the post-war period.
>
> In 1946, the Atlantic provinces (including Newfoundland) accounted for 12·2 per cent of the total population; in 1955, 11·3 per cent. Between 1946-55, the Canadian population had increased 27 per cent, the Atlantic provinces 14 per cent.

This paragraph is especially significant:

> Expressed as a percentage of average per capita personal income in Canada, Prince Edward Island had only 54·2 per cent in 1954, a decline from 60·3 per cent in 1946; Nova Scotia 76·7 per cent, a decline from 84·5 per cent; and New Brunswick 66·5 per cent, a decline from 72·4 per cent. Not only was income well below the general level, therefore, but the unfavourable discrepancy had increased.

And later:

> One of the basic policies of the central government following confederation was the development of industry under a protective tariff. Coincident with the growth of protectionist policies in this country was a similar development in the United States. As a result, both the export and import trade of the maritimes were adversely affected. Exports to central Canada, on the one hand, were held to a minimum by the high rail transportation costs, while those to the near-by New England market were similarly excluded by tariffs. At the same time, the Canadian tariffs operated to force imports from upper Canada and exclude the lower-priced consumer and capital goods from the United States.

Anyone who is interested in this important national matter would be well repaid to read this enclosure in the last commercial letter. It mentions some of the proposals advanced by the hon. member for York-Scarborough just before the supper adjournment. I think it should be said that if this sector of the economy is handicapped as seriously as it is, it is impossible for the people in that area to pull themselves up very far by their own bootstraps, and it becomes the responsibility of the parliament of Canada to face up to some of these problems which have been presented to us by the hon. member for Cape Breton South.

While waiting for my turn to speak I sent to the library for the briefs which had been presented to the Rowell-Sirois commission. One volume was sent to me in error, but it happens to contain the submission of the Charlottetown board of trade. This brief mentions that at the time of confederation Prince Edward Island was a very flourishing portion of Canada, but since that time its actual population and relative population have gone down. I was rather surprised to find a board of trade paying so much attention to the problems of the farmers in that area, but after a little reflection I realized how closely the whole economy of Prince Edward Island is tied up to the position of the farmer. This brief goes on to state:

> A concrete example of these difficulties is to be seen in the present potato situation. The

Toronto market is offering approximately $0.85 for a 90 lb. bag of potatoes (1½ bushels), but the cost of landing them at that market is $0.42, giving a net return to the Prince Edward Island shipper of only about $0.25 a bushel. The return to the farmer is even less, due to handling costs.

This was back in 1940, but I imagine that when the hon. member for Queens speaks he will be able to show that there has not been a very great variation in these prices. The brief continues:

Because of the heavy fixed charges, small decreases in price in the consuming centres are greatly magnified in terms of the return to the farmer. For example, when Toronto pays $0.85 for a 90 lb. bag of potatoes, the Prince Edward Island farmer gets $0.22 per bushel. When the Toronto price drops 10 per cent, however, the full amount of the decrease falls on the Prince Edward Island farmer who then gets but $0.17½ per bushel, which represents a decrease of 20·45 per cent.

They recognize that the tariff is a factor that weighs very heavily on them. They thought that on balance the tariff had been a good thing for Canada as a whole, but they did not lose the opportunity to stress its impact on Prince Edward Island. The volume which I had in mind contains a table which indicates that as a result of the tariff the people of Prince Edward Island have benefited to the extent of $5.32 per person per year, as compared with a disadvantage of $23.20 which they have had to pay as the result of higher prices, giving a net loss per capita of $17.88.

Next to the four western provinces the people in Prince Edward Island have substantially higher prices because of tariffs. Whereas Prince Edward Island has a net per capita loss of $17.88, Nova Scotia has $12.28; New Brunswick, $11.66; Ontario and Quebec, of course, benefit; Manitoba has a net loss of $13.25; Saskatchewan, $28.16; Alberta, $26.95; British Columbia, $22.33. So I think the problems that confront the people in this important area of Canada are naturally of concern to the rest of us in Canada.

I have been reading with a good deal of interest the white paper that the present Minister of Trade and Commerce, then minister of reconstruction, placed before parliament in April, 1945. We were then nearing the end of the war, and the government went to a good deal of trouble to set out the fact that it was going to be government policy to have a very high level of employment. These are the words used:

In setting as its aim a high and stable level of employment and income, the government is not selecting a lower target than "full employment". Rather, the government is mindful that employment and incomes will be subject to fluctuations in the sphere of international trade, which cannot be wholly and instantaneously offset, and that seasonal fluctuations, resulting from climate and buying habits, are not to be overcome without much patient and resourceful work.

Economic Rehabilitation

Then there is an interesting section on the placement and training of workers. The Minister of Labour in his address this afternoon gave us quite an interesting account of the attention that his department has been giving to the placement and training of workers. The summary in the white paper states:

The government has stated unequivocally its adoption of a high and stable level of employment and income, and thereby higher standards of living, as a major aim of government policy.

I have a great deal of sympathy with the hon. member for Cape Breton South as he brings this problem to parliament. The construction of the St. Lawrence seaway and the building of a gas pipe line will likely affect his area. Probably the reason I sympathize with him so much is that he describes a situation that is very similar to the situation in which my people find themselves in connection with the production of food, in a country where it seems that the requirements of the people in the maritimes and in the prairie regions do not receive sufficient consideration.

I think the present government demonstrated during the war that it was possible to balance our consumption with very high levels of production. I think it can be established now that it is in the national interest that the same policy should be continued. If there is not to be a market for coal in eastern Canada, people whose livelihood has been tied up with coal should receive consideration.

Those of us who have listened to the hon. member for Cape Breton South ever since he came to parliament in 1940 will agree that no one receives a more courteous hearing than he does. His colleagues from Cape Breton, who both have the advantage of a college education, I think, will also admit that while they were working on their books at college, the hon. member for Cape Breton South was getting a very valuable education at the business end of a shovel, shovelling coal. I think we are all interested, that he is the first coal miner who has come to parliament and that he has placed before us the problems that confront the people who have spent their lives in performing a desirable task in connection with the mining and marketing of coal. However, no one can prevent the introduction of oil and gas when those are available. When the construction of a pipe line is going to change the economy of a very large section of the country, those whose livelihood has been tied up with a coal economy should be given assistance, either in connection with the establishment of industries there or otherwise.

There is a good deal to the point made by the hon. member for York-Scarborough that there is a limit beyond which we cannot go in establishing industries that are uneconomic, but since we are spending upwards of $2,000 million a year on defence on the assumption that there might be war, I think we are making a great mistake in crowding so many people into areas like Toronto and Montreal and around the golden horseshoe, as the hon. member for York-Scarborough described it. When scientists tell us that one hydrogen bomb in the area of Windsor, given a favourable wind, might destroy all life as far as Oshawa, we probably should review our policy and decide whether we want to have large areas in Canada that will be uninhabited and bring people to central Canada where we are concentrating so many of our industries. I have no doubt that many of the people who have gone to the prairies to produce grain for a hungry world are quite prepared to come back to Ontario and Quebec if that is the wish of the government, but that is going to create very real problems in housing, educational services and other services in central Canada.

I do not think it is desirable to have in the two central provinces of this country 70 or 80 per cent of the people of Canada. So I suggest that the proposal made by the hon. member for Cape Breton South should receive the sympathetic consideration of this government, that we should take some long range views of the problems he has presented, and that we should set up a public investment fund to see to what extent we can go in establishing industries in that area. If we are not prepared to give some encouragement to the establishment of industries in that area, then we should come out frankly and say it is the intention of this government to have the people move to the districts surrounding the golden horseshoe, which was described so well by the hon. member for York-Scarborough just before the supper recess.

Mr. G. T. Purdy (Colchester-Hants): Mr. Speaker, I should like my first words this evening to be words of commendation to the hon. member for Cape Breton South on his introduction of this resolution. He said in opening that he intended that his remarks on this resolution should be provocative, and we realize that he has brought about a considerable discussion this afternoon and this evening, we will agree with this. I am very glad that it has been possible to bring to the attention of this house the situation with respect to the maritime provinces and I might say, with the addition of Newfoundland, all the Atlantic provinces.

Having referred to the remarks of the hon. member for Cape Breton South, to which I shall probably return a little later, I should like now to thank the hon. member for York-Scarborough for the many kind words he said with respect to the maritime provinces. I would have been more pleased, however, had he told us that in that over-developed area of his there were a few industries that he could spare and that he would try to have located in the maritimes. I hope he will take that under advisement.

It is not often that I agree with the hon. member for Digby-Annapolis-Kings. This afternoon, however, I did agree with him when he put before us the problem presented by the failure to fulfil the promises made at the time of confederation with respect to the Intercolonial Railway, which would have permitted us to market our goods in the central provinces. I would have thought, however, that in fairness the hon. member would have gone a little further and explained to the house just what, in addition to the lack of transportation facilities which we were promised, started the maritimes on the down grade. I would have thought he would have explained to the house that it was the fiscal policies of the party he still supports which started us on the down grade.

I would have thought he would have gone on a little further in dealing with history and referred to 1911. At that time, before our industry in the maritime provinces had gone down too far, we had a chance to rehabilitate our industry by again starting trade north and south in the same way that we were trading at the time of confederation. But no, the hon. member never mentioned that. He never mentioned the great cry, "No truck or trade with the Yankees", or what happened to the wonderful reciprocity treaty proposed at that time which we have never been able to have fully implemented since.

Frankly, Mr. Speaker, I am sorry to say that even during this session of the house we have again heard, in connection with certain legislation before us, rumblings of that old cry, "No truck or trade with the Yankees". Surely the once great Conservative party must realize that the day of narrow-mindedness of that sort has gone, and that they will never get to power in Canada on such a cry.

I read the resolution of the hon. member for Cape Breton South and, coming from Nova Scotia as I do, I realize there are many places there where the full and all-out application of such a program would be of

immense benefit. I also realize that under present legislation respecting employment services, as outlined by the Minister of Labour this afternoon, much has been done to alleviate the problem presented by the hon. member.

However, when I read the resolution I first had to ask myself, is it feasible; is it workable? The hon. member gave the answer at the outset of his remarks, when he stated that he had been branded as a socialist and that his party believed in combining socialism and private enterprise. But after having studied the resolution, having given it all the consideration I can, I say to the hon. member that I am positive that if his resolution were implemented in full we would have not only a socialist government but a dictatorship.

I am not so sure that the hon. member does not associate socialism and dictatorship because you cannot say to me, sir, that you can pick up a family holus-bolus from where their roots are and move them around like pawns on a chess board, as would be the case if the resolution were put into effect 100 per cent. Perhaps I would not have spoken this evening if I had not chanced to pick up this morning's *Gazette* and noticed an article there headed, "U. S. Company Closes Plant in Ontario". The article goes on to say that because of a strike in the plant the manager has announced that the plant will be closed and will not again open to carry on manufacturing activities in Ontario.

I thought for a moment of what would be the situation in a few towns in my own constituency where there is only one industry if such a thing should happen. It would be a catastrophe, just as the hon. member has visualized in presenting his resolution. But I say to you, Mr. Speaker, and through you to the members of the house, that irrespective of all the good thinking of the majority of workers in small plants, what would these workers think if they knew there was legislation under which, if the plant should be closed, a kindly government would pick them up, move them holus-bolus and settle them in some other town in a far better environment?

In other words, if the resolution were put into effect 100 per cent you would merely be encouraging the closing down of plants in order that a percentage of the workers could get a more favourable environment in which to live. Frankly, I think that might work in one way to the benefit of Nova Scotia, because I cannot think of any better environment than that of Nova Scotia as a place for the people of Canada to work and live. However, that is my thinking.

Then I gave a few minutes thought to how such a scheme would operate. The hon. member mentioned that a public investment fund of some sort should be set up, but you know funds do not grow on trees. You have to find the money to put in those funds. He did not tell us where we were going to find the money. I thought we could work it out by undertaking some sort of scheme such as the unemployment insurance plan involving both employer and employees. I wondered how favourably employers and employees would regard such a scheme. It would seem to me that such a scheme, if set up, would merely hasten the day when many industries getting along on a marginal basis at the present time would be forced to close and throw their employees on the resources of this fund.

I also suggest that if we had full implementation of what is proposed in the resolution staring us in the face there would be a lack of incentive on the part of people to put their shoulders to the wheel and try to make an industry pay. In a good many of our industries there has to be full co-operation between labour and management. I am not saying anything against labouring people, because I have every respect for them; but there would be a small segment of labour which would say, "Why should we exert ourselves to try to make this industry a success? If we do not make it a success we have a kindly government which will come along, pay us relief while we are out of work and then move us some place else where we can go to work." As I say, I have come to the conclusion that such a plan would not work except under a dictatorship.

Mr. Gillis: You have very little faith in human nature.

Mr. Purdy: You would do away with the rugged individualists. I know that the hon. member for Cape Breton South comes from a great race of rugged individualists, but you would do away with the type of people who have helped to make Canada and Nova Scotia what they are. At the present time the free world is fighting a cold war with those behind the iron curtain. If we took that attitude and said to labour and management that we were going to tax them and put them out of business in order to build up an organization such as I visualize, it would be a great step toward losing the cold war because we have to have initiative, the strong individualist and the work of every Canadian and other person outside the iron curtain to withstand the attacks that are being made on us today.

I know the hon. member for Cape Breton South has vivid recollections of the many once prosperous mining towns in Cape Breton which are now ghost towns. But I suggest

that the history of the world shows that a large percentage of our mines are expendable, as are similar industries. When our people went into those communities they knew what they were going up against.

Following the hon. member's argument a little further, I am suggesting that if the government were to take the responsibility of looking after all these problems which arise, then the government would be obliged to take the responsibility for saying whether new industries could start or new mines could open. There would have to be an over-all power that would say, "No, you cannot start a mine there or you cannot start that industry there because it is going to peter out in such and such a number of years and you are going to be a problem to our fund and our fund is not going to be able to carry it". I say that you cannot have the one thing without the other. I am suggesting that such interference by government with industry would mean the downfall of this country.

As I mentioned before, the hon. member for Cape Breton South has had a great deal of experience. The records show that the hon. member was born in Londonderry, Colchester county, which is part of my constituency, and more commonly known as Acadia Mines. I do not know at what age he left that area. If he had chosen to remain there I suppose he would probably have been the hon. member for Colchester-Hants today. Nevertheless he was born in a great part of our province, called after Londonderry, Ireland. It is a little late for St. Patrick's day, but the tradition is still there. I suppose he recalls, as I do, that at the turn of the century Londonderry or Acadia Mines was a thriving community with a population of something like 2,500. At night the sky would be red with the reflection from the blast furnaces. All in all there was a tremendous amount of activity around that settlement at the base of the Westchester mountains.

Today it is not a ghost town. However, it would have been a ghost town if the hon. member had had his say at that time and the people had been moved out holus-bolus when industry closed up shortly after the first world war. Today we have not a community of 2,500 but we have one of about 500. It is true that not many new houses are being built. There are a number of old houses falling down, and more being destroyed by fire and time. Nevertheless in that little community we have a great community spirit. There are good schools. The people have a fair number of automobiles, radios and television sets. They have a great community spirit. They have one of the best baseball teams in Nova Scotia. But if my hon. friend had had his way these people would have been moved out holus-bolus when that industry went down and what is now Londonderry would have been again just a wilderness.

There is one other thing, Mr. Speaker, that I would say and it is this. While many of the mechanics and artisans from that plant which closed were scattered to various parts of Canada, they took with them the skills learned there and they made a great contribution to Canada, as I know my hon. friend did with respect to Cape Breton when he left Colchester county in order to go to there.

There is another thing I should like to say. I do not think that Londonderry is done. I believe time will show that in regard to the mines. They were not really mines; they were merely very rich pockets of ore which were possibly worked out. There is plenty of ore in those hills. I believe that the knowledge that was gained by the people who worked in those diggings, which was passed on to their sons and which is retained in that community by the people not being evacuated, as has been suggested, is going to bring to the fore the possibilities which are there. I believe that once again the smoke will belch from a great industry in what is now that quiet little village.

Of course I could go on to mention several other places in my constituency where similar circumstances exist. I could mention the village of Kempt Town. There is a coal mine there; and with all respect to the Cape Breton people and those of Pictou county and Cumberland county, may I say that the Kempt Town seams are the one spot in Nova Scotia where we really have what is practically anthracite coal. Unfortunately the seams are thin. The mine was closed, and it is closed today. Nevertheless there is a great deal of information possessed by the people whom my hon. friend would have moved to Ontario under his scheme. As I say, there is a great deal of information still held by the residents of that community. As a result of this information which is passed on from father to son, I believe that in time, that mine will again be opened and that we shall have mined in Nova Scotia a type of coal which is comparable to Pennsylvania coal.

What I have been saying, Mr. Speaker, has perhaps not too much to do with the whole problem. There is one point on which I should like to correct the hon. member for Digby-Annapolis-Kings. This afternoon he stated that the Nova Scotia Light and Power Company used coal entirely in firing their boilers for the production of electricity. Unfortunately I am afraid that is not the fact. I visited one of their plants when they broke

in a new unit last fall. There were two immense furnaces side by side. I was told that one was fired by coal and one was fired by oil. As I recall it—I may be wrong in this—the information I obtained was that the cost was approximately equal.

I expressed the idea then, and I do it again now, that if that was the case, why would it not have been better to have used coal entirely? On the other hand, as was brought out this afternoon, we have a great refining plant across the harbour, and if they could not get use for part of their fuel oil I presume they would have to cut down the refining operations. It is therefore sort of a toss-up between the two.

I have rambled on at some length—

An hon. Member: Hear, hear.

Mr. Purdy: I agree that it has been at some length, but I have heard the hon. gentleman talk longer and say less than I have said. As I say, I believe that the best way to meet this problem—and it is a problem—is to follow out the program laid down by the Minister of Labour. I agree with him 100 per cent when he says that in those places where there is depression owing to the closing down of industry, they will do everything they can to put the people through vocational training and train them for other positions. But I do not think you can take people holus-bolus from their heart-roots and from the graves of their ancestors and move them from one place to another in a democracy.

Now, Mr. Speaker, with respect to the maritime provinces I am one of those who believe that although we have had some rather difficult times, we are doing something. There is the fighting will to win in that part of the country, and I think we will win through. I was going on to say that I believe the problem is being reasonably well handled at the present time. I would not want to be branded as one who would even suggest we refused to help communities which are absolutely down and out, and where the people have done their very best. I would certainly support any legislation introducing any scheme that would aid such a community. However, if it were of general application I do not think it would work out. I take the same attitude toward these communities as I would to an individual who came to me for help. If I were sure he had tried hard and could not make a success, I would give him some help. I would certainly support the government if they took the same stand. I am of the opinion, however, that we cannot, as a nation, legislate ourselves into prosperity. I am afraid this program would be leading up to that.

In so far as most communities are concerned, I think the solution of these problems will be brought about by a continuation of the type of government we have had in this country since 1935. You will recall that figures show that our gross national product was $4 billion in 1931 and today it is $26,600,000,000. This, of course, is the result of Liberal policies.

In support of my statement concerning the solution of these problems, which will recur at a few points in the future, I should like to quote one paragraph from the submission of the Canadian Manufacturers Association to the royal commission on Canada's economic prospects. It is under the heading of "Population and Employment". Under the subheading "Population" it has this to say:

> In its vision of a greater Canada, the association has examined the studies of a number of recognized Canadian authorities as to what the population and gross national product of Canada will probably be in 1980. Obviously, any prediction is subject to a rather wide margin of error, based as it is on certain assumptions such as no major war occurring in the next 25 years, birth rates continuing at, or close to, present levels, low death rates as now, substantial immigration, and continuing technological improvement. Our considered estimate, taking the foreign factors into account, is that the population will be from 26 million to 28 million in 1980 and the gross national product will be from $68 billion to $72 billion (at present prices). As regards the gross national product especially, this estimate is likely on the conservative side.
>
> On the basis of past experience the Canadian labour force in 1980 might be from 9 to 10 million. The association believes firmly that the most important single task of the people and government of Canada is to make as adequate provision as possible for the economic and steady employment of this labour force.
>
> It has been noted that the percentage of the labour force employed in the primary industries is decreasing whereas the percentage employed in manufacturing is increasing. This trend will continue. It is the manufacturing industry that must provide a great deal of the employment for an increased population.

In conclusion, Mr. Speaker, I would say this. I noted in one of our newspapers the other day that the wife of an ambassador who had been assigned to Ottawa had this to say: In her experience the women of the world were very much alike. They wanted to look after their families and their homes. Now, I would say that I believe the interests of the men lie along the same lines. They want to look after their families and their homes, and they are willing to work to do that. If we all get behind the problem in Canada and in Nova Scotia and apply ourselves, I do not think there will be any necessity for the program requested in the hon. member's resolution.

Mr. J. H. Blackmore (Lethbridge): It may seem presumptuous on my part to enter the

debate when there are so many members here from the maritime provinces who are ready and willing to rise and express their feelings concerning their own area. However, I believe it is fitting that some speaker from the west should participate, and some speaker from the Social Credit group of which I have the honour of being a member.

I would say in a general way that I cannot see how we could possibly improve conditions in the maritimes if we continue to follow the same general policy which has caused so serious a deterioration in the maritimes ever since they entered confederation in 1867. The number of commissions that have been set up to examine into the situation in the maritimes is very considerable. We have had the Jones commission, the White commission, the Duncan commission and several others. Every one of those commissions has found a most undesirable state of affairs existing in the maritimes. Every one of them has found that condition exists because of certain other conditions which ought not to be there. But somehow or other nothing has ever been done about the situation.

I feel that it is idle to hope to have a sound and prosperous Canada unless we have a great and prosperous maritime section. I am convinced that something more has to be done than has been done in the past. I do not propose to go into this matter to any great extent tonight, but I may say I have been arrested by certain things which have come into my hands within the last few days. I have before me the statement of the city of Halifax to the royal commission on Canada's economic prospects, dated October, 1955. At the same time I have in my hands a copy of the statement by the government of Nova Scotia to the royal commission on dominion-provincial relations dated February, 1938. I have in my hands also the letter of transmittal by the Halifax city solicitor, Mr. C. P. Bethune, Q.C., dated October 18, 1955.

In these three documents one can find some most impressive reading. May I quote three or four statements from Mr. Bethune's letter. On page 2 I find this paragraph:

> In the alternative, the only way in which such fair contribution by the government towards the cost of municipal services can be reduced is by the promotion of private business enterprises in this city which will contribute to the city's costs.

The government to which he is referring there is the dominion government.

> In this, we believe, the government should assume some responsibility.

The next paragraph is most striking.

> So far as Halifax is concerned, it is submitted that the city's natural endowment calls for the development of trade through the port. This will necessitate the provision of greater pier and storage facilities, such as those proposed as far back as 1913, when plans were made by the federal government to develop the port on both sides of the harbour by the construction of the sea wall and piers. Certain land was then earmarked for improvement but unfortunately the plans were not proceeded with.

The question that every member of this house ought to ask himself, Mr. Speaker, is, why were the 1913 plans not proceeded with, and why have they not been proceeded with up to the present time? That seems to be the difficulty in respect of all the maritime provinces. There seem to be a great many promises and commitments on the part of the federal government, either explicit or implicit, but never anything done. It reminds me of the story of a certain British leader who was said to be always on horseback but never going forward. In my judgment it is high time we began to go forward.

Let us follow through in respect of this dock at Halifax, and the plans for making this port a good port. Anyone would say that the very first thing that could be done and should be done by the dominion government is to build that dock and make the port of Halifax so that it will take care of the needs of all commerce today. I do not suppose that even such an apologist as the hon. member who just took his seat, who seemed to spend all his time trying to make it appear that Nova Scotia was in fact doing all right, that they did not have anything to worry about, really believes that. I suggest that he ought to be ready to explain why that port has not been made as it ought to be, and he should be here on his feet demanding that that port should be made as it ought to be. Yet he comes up here and apologizes for what is going on down there.

Let us just consider another statement or two from this same letter:

> Much of the land so earmarked has now gone to other uses, and unless immediate attention is given to the matter, all that remains will be otherwise occupied, and the costs of acquiring the same for port development will be prohibitive.

That will mean that the port of Halifax, in all probability, will never be made the port it ought to be as the eastern seaboard port of Canada; yet nothing is being done, and the hon. member for Colchester-Hants rises in his place here and apologizes for what is going on.

Let me read another paragraph:

> Another essential is the improvement of transportation facilities serving the port, both highway and railway, in order that this Canadian port may be able to meet the competition of foreign Atlantic ports.

Surely the federal government can take care of these highway needs. Let no one rise in his place here and pretend that it cannot

be done. But why is it not done? The writer of the letter mentions both highways and railways. Surely we can build highways suitable for the servicing of a Halifax that will be the finest port on the whole Atlantic seaboard. If the government can build the St. Lawrence seaway, do not let anyone tell me that it cannot build the port of Halifax if it chooses to do so.

Let me read a little more:

> Physical facilities, however, are not, in themselves, enough, though they will be of value in developing port trade. The value of such non-physical facilities was recognized by governments, prior to 1935-1936, by the granting of special tariff concessions to those who imported goods through Canadian ports.

Note these words with particular care:

> This tariff preference resulted in retaining for those ports more than 90 per cent of Canada's overseas import trade. It was destroyed by a trade treaty—

By whom? Not the Conservative party, but the Liberal party. Notice what it goes on to say:

> This tariff preference resulted in retaining for those ports more than 90 per cent of Canada's overseas import trade. It was destroyed by a trade treaty with the United States in 1936, which treaty had the effect of opening the ports of that country to Canadian business. As a result there was a heavy diversion of traffic from Canadian ports.

No Liberal can escape the blame which is attached to the present administration in Canada for that trade treaty, or for permitting that trade treaty to stand. In a general way one would say that any government of Canada which would sign a treaty which would do that kind of thing to the city of Halifax was utterly unfit to govern the country.

Some hon. Members: Oh, oh.

Mr. Blackmore: Oh, I do not think there is any doubt about it. After all the promises that were made to the maritime provinces before confederation and since confederation, to have a thing like that done constitutes worse than an abject betrayal, and there can be no other way of putting it.

Mr. Murphy (Westmorland): Halifax is the only prosperous place down there.

Mr. Blackmore: You had better tell that to Halifax.

Mr. Murphy (Westmorland): If you would sit down I would tell you the truth about Halifax.

Mr. Blackmore: If one cannot rely on the solicitor for the city of Halifax in preference to the hon. member for Westmorland with respect to this situation it would be a most amazing thing. Let us go on. The hon. member for Westmorland will have time to rise in his place and talk, so let him please let me say what I have to say. I do not care whether he does or not; I am going to say it.

Now I go on to the bottom of page 3, and I quote these words:

> Therefore, it is submitted some adjustment should be made in the tariff system, or some other measures should be taken to ensure that the protected industries, if they are to enjoy that protection, should channel the shipments of their goods over Canadian railways and highways and through Canadian ports.

I left off certain words about Canadian industry which would have connected up with the part I quoted, but the general idea is that protected Canadian industries in our central provinces were beginning to ship their goods down to United States ports to the neglect of the Nova Scotia port of Halifax. He points out the fact that those industries could at least take the trouble to channel their trade to the port of Halifax if they want to be anything like square.

Mr. Nicholson: He will agree with that.

Mr. Blackmore: You would think so. One of the reasons the maritimes have never got anywhere, let me submit, is that they have sent to parliament members not to fight for them, as the member for Cape Breton South has done, but to rise in their places and excuse the neglect which those provinces have suffered down there for these many years. They rise in their places as proponents against their provinces and not for them.

Mr. Murphy (Westmorland): I would not say that.

Mr. Blackmore: Well, it is time you did, because you stand condemned. A lot has been said about the amount of time that has been spent on the wheat question. Do you think that if we had Liberals and Conservatives sitting where the C.C.F. and the Social Credit groups are sitting you would have had the case for the prairie grain growers put in the way in which it has been put in the last few years? The only thing that caused the Liberals to talk in favour of wheat farmers was the fact that they were being put to shame by the work being done by these two independent parties. That is all right; just do not make smart retorts to explain the situation. You just cannot explain these things. Why in the world the electors down in those maritime areas do not become awakened to this thing I cannot understand.

Mr. Knowles: They will be.

Mr. Blackmore: It is just about time they began to realize they have been standing in their own light for years and years by sending up men here to parliament who were committed to support the government instead of the maritime provinces.

Economic Rehabilitation

Let me go on with a quotation from the submission of the city of Halifax to the royal commission on Canada's economic prospects in October, 1955. I read from page 27, division 9, on the port of Halifax, which indicates that Mr. Bethune was quite in line with the people who prepared the submission. I quote:

> References to port facilities in this memorandum include berthing facilities, sheds, both transit and storage, railway facilities, loading operations, manpower, and all matters relating to the efficient operation of a modern port.

In this he mentions berthing facilities, sheds, loading operations and manpower, and railway facilities. Apparently there is a deficiency in Halifax in reference to every one of those essential items. To tell me that the federal government cannot take care of these matters is simply to make the person who tells that ridiculous. They go on to say:

> Many millions of dollars have been expended by the government of Canada, both through national harbours board and departments of the government, to improve the port facilities at the inland ports of Montreal and Quebec. No criticism of this is offered by the city of Halifax, even though the ports are useful for only seven months of the year because of ice conditions in the St. Lawrence river. It is, however, submitted that sufficient expenditures should also be made at the port of Halifax to provide adequate facilities even if this port has in the past been considered a "winter port" and used as a substitute for the above mentioned inland ports during the season of the year in which these ports are unavailable.

Anyone with any kind of tendency to reason will say, "Why when Halifax is an all-year port, are there not sufficient port facilities in that city when we spend vast sums of money on port facilities in Montreal and Quebec which are usable only seven months in the year?" You would think that anyone with any sense of reality at all would see the absurdity of that sort of arrangement.

I do not feel that I should spend very much more time on this particular matter, and I do not propose to do so.

An hon. Member: Hear, hear.

Mr. Blackmore: Someone apparently wants me to stop talking. This is another man from the maritimes who was sent up here to look after the interests of the people of the maritime provinces, and he is trying to shut up a person who is trying to help them.

The question has been raised as to what can be done about the whole situation. I say that there is only one way in which you can put the maritimes on a going concern basis, and that is to introduce economic conditions under which they will be able to carry on prosperously.

When the house was dealing with another resolution about two weeks ago I said that what any area must have is control of its credit. Conditions must be such that the people within the area are able to borrow money when they want money, and get it at reasonable interest rates. I referred to the treasury branch system which was set up in Alberta by Social Credit, as a result of which the people were able to borrow money at 3 per cent less, and under far more lenient conditions than they could borrow from the banks. I said at that time that this provision was the first step in the rehabilitation of Alberta.

I submit that until you have a measure similar to that in the maritime provinces you will have no chance of prosperity. Yet, as I pointed out two weeks ago, credit facilities in the maritime provinces are controlled by banks whose headquarters are in Montreal and Toronto and whose managers are not in the least concerned directly in the welfare of the maritime provinces, except in so far as it might possibly help the industries of Ontario and Quebec.

So the very first thing we will have to do is make arrangements whereby the people of the maritime provinces will be able to borrow money with which to produce any kind of thing that needs to be produced; pigs, chickens, cattle, sheep, anything they want to produce. Let them be able to borrow money at low rates of interest so they can produce; then that money will go out into circulation and thus enable them to sell their goods.

I spoke to the hon. member for Cape Breton South just before I began speaking, and by the way I was not prepared to speak on this subject because I did not expect it would come up. I asked the hon. member how much it cost for money in the maritime provinces, and he told me about 5½ per cent. I would say that 5½ per cent is 2 per cent too much. There is no conceivable reason in these modern times why anybody who wants to produce goods should have to pay 5½ per cent interest to get money, especially in the maritime provinces where there are such a small number of markets, where conditions are so depressed, where there is so little over-all purchasing power. I asked the hon. member if it cost the merchant or the manufacturer the same rate, and he said it did.

You can see how the cost of production is increased in the maritime provinces by the interest rate on the money they borrow. I asked the hon. member if it was easy to borrow money, and he indicated it was just as easy to borrow money down in the maritimes as it was in Alberta before we brought in the treasury branches. At that time the

banker in Alberta sat behind his desk and ruled like a king dealing with poor subjects or slaves, when a person came in to borrow money. But he changed his ways very rapidly after the treasury branches came in. I think if we had treasury branches in the maritime provinces the banker down there would become a little bit more sociable too.

That is the answer; money must be available to everybody who is at all creditworthy to enable him to produce goods. He must be able to borrow it at reasonable rates, which I maintain should never be more than 3½ per cent.

I asked the hon. member for Cape Breton South some other things. I am relying upon him to a considerable extent because he is the one man from the maritimes who ever talks for the maritimes. If the maritimes want people to talk more on their behalf they should send up men like this man, who is not bound hand and foot to a party machine, who is able to get up and speak for his country instead of for his party.

I asked the hon. member how much the maritime people were buying from the central provinces, and he told me that Mr. Waldo Walsh, deputy minister of agriculture for Nova Scotia, had said that they buy $100 million worth of goods a year from the central provinces. What are the central provinces buying in return? How in the world, using just plain common sense, do you think the maritime provinces can be successful and prosperous when they are buying $100 million worth of goods from the two central provinces and are able to sell back only a very trifling amount of goods in return?

If the maritime provinces are going to have any chance in the world they ought to have their own markets available to their own production. It is just as simple as A, B, C. If they cannot sell $100 million worth of goods to the two central provinces to pay for the $100 million worth of goods they buy from the two central provinces, something will have to be done to keep goods from the two central provinces from going down into the maritime provinces and monopolizing the market.

Someone will say, "How could you do that in a free country?" Apparently we can do pretty nearly anything when the four western provinces or the four maritime provinces are not concerned. Pretty nearly everything can be done for Ontario and Quebec, but apparently very little for either of these other two groups. If we make up our minds to do this thing, we can do it. Is there any reason at all why we should not have a sort of gentleman's agreement or arrangement under which the producers in the two central provinces would agree that they would not sell goods in the maritime provinces beyond a certain point unless the maritime provinces so requested?

That would enable the maritime producers to keep the maritime markets to themselves. You would very soon find that they were prosperous. Otherwise just continuing the conditions they are now operating under, with the financial circumstances prevailing and the trade circumstances prevailing as at present, they will continue to be hewers of wood and drawers of water for the next thousand years.

If we want to do anything that is worth thinking about we must take care of these two matters. Do not tell me that the Liberal government cannot do it, not for a minute. These are two things that may be done. I could go on and say a great deal more, but I fancy that is enough for one time. I say the time has come to begin to do something. We have dawdled and callously ignored the rightful demands and requests of the maritime provinces quite long enough.

Mr. A. J. MacEachen (Inverness-Richmond): Mr. Speaker, this is the third debate that has occurred in this house this session that has brought forward the broad problem of economic development. In each of these debates there was a high degree of participation by members of all parties representative of the Atlantic provinces, and it was my belief that these members had approached the problem of economic development for that area with moderation and insight, and in a manner that would appeal to the house and to public opinion as a whole. I believe the participation in the debate today illustrates quite clearly that the representatives of the Atlantic provinces from all political parties are not derelict in their duty in presenting to this house the peculiar problems of that region of Canada.

Just three weeks ago I had the privilege of attending a seminar in Boston on the subject of economic development as applied to the province of Nova Scotia. I wanted to connect the remarks I intended to make on that occasion on economic development in Nova Scotia with the current thinking in so far as international economic development in general was concerned, and for that reason I went into some of the studies the United Nations conducted on general economic development throughout the world, a subject that is of interest and concern to everybody.

There were two main elements in the discussion of economic development in so far as it applied to what are known as the underdeveloped countries. The first element of development was the provision of technical services or technical information, not only in the form of guidance but also in the form of

technicians of all kinds. The second element in the international economic development was the lack of capital in the countries concerned, arising from the low incomes and inability to save and consequently to accumulate moneys as capital to invest.

When we attempt to apply this approach to the economic development of Nova Scotia, or the Atlantic provinces in general, we find that these prevailing concepts are just not applicable at all. First of all, in so far as technical personnel is concerned, the Atlantic provinces likely have the highest concentration of institutions of learning of any part of Canada. It is true that many of the graduates of these institutions move to other parts of Canada, but it is still true that of the maritime universities for which I have data, approximately 40 per cent of the graduates have remained to pursue their occupations in the Atlantic provinces. The result is an abundance of highly trained and highly literate people to participate in the development of our part of the country.

The second problem that concerned the people interested in international economic development was the low rate of savings occasioned by low incomes. I must confess that my investigations show that Nova Scotia, for example, has one of the highest rates of savings of Canada, and I was told by one of the experts from the Arthur D. Little Company in Boston, which is currently studying the economy of Nova Scotia, that the rate of saving in Nova Scotia was higher than in certain developing parts of the United States.

We have the technical personnel and we have the savings, but we have not produced economic opportunities of sufficient appeal to bring these two decisive elements together for the development of the Atlantic provinces of Canada. I mention these two considerations because, in talking about regional economic development, we do not really get much assistance from the thinking that is going on in the United Nations and other world organizations.

Of course our attention is brought to bear upon economic development in the Atlantic provinces not because the Atlantic provinces are not developed nor because the Atlantic provinces are remaining stagnant. These provinces are moving ahead in certain areas, and moving ahead very constructively. The problem that agitates the minds of residents of those provinces is that our rate of growth is slower than the rate of growth for the rest of Canada. That is the cause of great concern. If we take such important economic indices as income per capita, or income per member of the labour force; if we take per capita investment or average weekly wages or average weekly earnings, we find that in each of these categories the Atlantic provinces are lower than the average for Canada as a whole.

The disparity in economic development causes international tensions; for the same reason disparities in economic development in the country are bound to breed domestic disagreements of various kinds. That is why this problem—though certainly I do not intend to bring forward tonight concrete recommendations for its solution—is a subject very worthy of debate, and that is why it requires the attention of this house.

We know that part of the reason for our slower rate of economic development is the location of the Atlantic provinces, meaning distances in the geographical sense and accompanying transportation costs. We also realize that the trade policies necessary for the development of the nation—and this has been highly documented—have adversely affected the economic development of the extremities. The national policy of 1878, designed to create a new national market for the inland industries of central Canada, completely changed the orbit of commerce and trade in which the maritime provinces lived and the conditions existent at that time have never been completely restored.

We know, too, that the national effort involved in two wars served to accentuate the economic concentration in the central regions of Canada. We know also that the branch banking system in its very organization has served better the credit requirements of the central regions of the country.

The purpose of mentioning these influences is simply to indicate that the development of Canada as a whole has not been left entirely to the natural operations of economic laws but has been affected, and affected decisively, in certain areas of development through either explicit or implicit government direction and policy. It is for that reason that I feel we are really following a great historical tradition in this house when we talk about policies that may serve to build up areas of Canada which up to the present have not participated in our prosperity in the manner that we all desire.

The hon. member for Cape Breton South has mentioned the threats that are occurring in the coal industry. The past year has been a good year in that industry, but the long-run picture is uncertain and it may be that such activities as the dieselization of the Canadian National Railways, the completion of the St. Lawrence seaway and the projected pipe line may have a harmful effect on the coal industry of the province of Nova Scotia. If such a harmful effect occurs, then it means a very

serious blow to the economy of the areas which the representative for Cape Breton South and myself have the honour to represent in the house. These and other areas throughout the province of Nova Scotia will be affected.

The federal government has an interest in the coal industry and in its rehabilitation because we have made very generous provision through legislation in this house for the assistance of the coal industry. The annual subsidy payments, the coal mining assistance act and certain important research are representative of the interest the federal government has taken in the maintenance of this industry which is so vital to the economy of Nova Scotia. For that reason it should be a concern of the House of Commons to assist, through discussion and helpful suggestions, in the provision of alternative industries in the event that further declines occur in the industry.

A similar situation was brought about by the construction of the strait of Canso causeway. The unemployment problem has been handled very successfully by the Canadian National Railways and by the temporary construction activity in this area. There is insecurity and uncertainty among the community leaders, however, because of the decline in real estate values, and because of fear of the future as it will affect these communities.

I think it is clear that in all the cases I have mentioned things are occurring in the economy that are helping the people as a whole. We are hopeful that all these projects will be thoroughly beneficial to all the people of Canada, but we are also hopeful that no part of Canada will be expected to bear too great a sacrifice in the development that is so beneficial to all.

I think this debate has brought out some very important things for the province of Nova Scotia. I was glad that both the hon. member for Cape Breton South and the hon. member for Digby-Annapolis-Kings mentioned that the resources of Nova Scotia are limited. In comparison with other provinces of Canada we have modest economic resources. We are a mature economy, and in the future our development must depend upon a greater and more intensive utilization of mineral wealth, forest wealth, fisheries and the tourist industry.

In each of these categories there is a great deal that government can do, both federal and provincial, through acceleration of mineral exploration and through the provision of services like the forest inventory, in which this government participated and which is now opening up one of the most promising areas of development in Nova Scotia, namely the possibility of paper mills in the strait of Canso area and elsewhere. It is through acceleration, with present government services directed with greater intensity to what might be called special areas, that much can be done.

Several of those who have participated in the debate have mentioned the difficulties of establishing secondary industries in the maritime provinces. The hon. member for York-Scarborough, and the hon. member for St. John's East in a previous debate, outlined very valid economic forces that serve to select areas for the development of industry. There is one type of industry that is supply-directed. It locates near valuable raw materials. There is another type of industry that is market-directed, which locates near the greatest concentration of people. Neither type of industry is well suited to the Atlantic provinces because of the economic factors that have already been brought out. But there is a final type of industry that the economist calls a footloose industry, which is well suited to location in this part of Canada. Footloose industries are those industries about which there is considerable indifference as to location. They do not go to the market. They do not go near the source of supply. Characteristic of these industries are the textile industry, the refining of crude oils and other industries of this type.

Here, the people who participated in the seminar at Boston were quick to point out, lay the greatest possibility for the development of secondary industries in the province of Nova Scotia. The development of this type of secondary industry combined with the proper, intelligent utilization of the modest resources we possess should, I think, allow the citizens of Nova Scotia and the other provinces to live the satisfactory life that has been characteristic of our part of Canada.

We are conscious of many non-economic qualities of life in the Atlantic provinces. We, Mr. Speaker, were the seat of responsible government. The island of Cape Breton was the seat of industrial trade unionism in Canada. These are among the types of development that do not occur or are not mentioned in a debate on economic development. I believe that the development of the resources we have, combined with wise selection of secondary industries and intelligent co-operation and the will to survive, is part of the formula for success.

We want easy access to the Atlantic provinces and easy egress from the Atlantic provinces. We want economic opportunities for a growing number of people, but we do not want to keep people in the Atlantic

provinces if they thereby depress incomes and standards when migration would suit them and suit the areas best.

For some of the reasons I have mentioned I think the resolution put forward is extremely interesting, and I think it will be useful in forming public opinion on a very important issue of special interest to the Atlantic provinces.

Mr. J. A. MacLean (Queens): Mr. Speaker, I have listened with a great deal of interest to the remarks of various hon. members who have taken part in the debate, but more particularly to those of the hon. member for Inverness-Richmond and the hon. member for Mackenzie. In a very clear way the hon. member for Inverness-Richmond gave us an economist's analysis of the situation in the maritimes.

I might say here that I am grateful to the hon. member for Mackenzie for some of the things he put on record which have to do with my own province and even with my own riding. It is not entirely accidental that he saw fit to do this because after all he is, I believe, a fourth generation islander, or a four times removed islander. His ancestors came from my riding, and he himself is now a resident of Saskatchewan. He is perhaps an example of the very thing we are talking about. His ancestors found it economically necessary to move from the maritimes to what was then Upper Canada. Then at a later stage people from the older parts of Canada were persuaded, chiefly for economic reasons, to migrate to western Canada where opportunities were said to be greater.

Continuously, at least since confederation, there has been an economic pressure which has forced the people of the maritimes to emigrate and seek their livelihood elsewhere. At the moment I might say that great numbers of maritimers helped to develop the newer parts of Canada, especially the four western provinces. As a matter of fact I think the migration is almost entirely one way. At the moment I can think of only one case of someone migrating from the prairies to Prince Edward Island. That particular case was my wife. She assures me that her considerations were other than economic ones when she took that course.

I think the hon. member for Cape Breton South should be congratulated on bringing this topic before the house for discussion. I feel that he had in mind this chronic state of depression, in varying degree, which has existed in the maritime provinces for many years. We find always that most of our young people are forced to migrate. The unemployment figures for the maritime provinces are in reality greater than one would suspect, because they show only those people who are unemployed and who have not yet emigrated. The result is that when a disproportionate number of our young people move elsewhere or join the services, the mean age of the average maritimer becomes greater than that of people in the other provinces of Canada.

This and many other facets of this problem tend to create a condition in which commerce and development stagnate. Small industries are continually dying off. They are being bought up by larger competitors from some other parts of the country and, after a few years, are closed down because it is not felt that they are economic.

Last year I sought from the dominion bureau of statistics figures with regard to the number of industries in the maritimes which over the years have been forced to close because they were unable to compete with their larger counterparts in central Canada. I was told that the dominion bureau of statistics kept no record of this sort of thing, and that figures along that line were not available from them. If they were available, I think they would give some very enlightening information.

There are, of course, several ways of looking at this problem. The economists may look at it purely from the cold economic point of view and say that if an industry is not profitable, if it is not self-sustaining, it should not exist. They do not concern themselves with the humanitarian and other problems which may develop as the result of such a failure to carry on. There is perhaps a philosophical point of view which considers the humanitarian problems, the social effects that economic depression may have on an area. But there again that thinking may be circumscribed so that the whole picture is not seen. There is also a military viewpoint. From the military viewpoint it can be argued soundly that if our industry is to survive indefinitely in this atomic age, it should be dispersed, that it should not be allowed to congregate in a few large areas where it presents attractive targets for atom bombs. But, Mr. Speaker, I think it behooves us to take a wider view. The political view should be one which embraces all of these factors.

I think it is nonsense to say that central Canada goes along and prospers because it is economically sound and can stand on its own feet, and that its prosperity is not caused by any artificial stimulants which may have been given it. Nothing could be further from the facts. If the tariff protection which exists in this country for Canadian industry were to be totally removed, I am quite sure that many of our industries in central Canada would melt away in a short time. If some of the

uneconomic or temporarily uneconomic great projects which were brought forward by governments in this country through the years had not ben carried out, I am convinced that great areas of this country would not have been developed. An example of such a project, of course, is the building of the first transcontinental railway. More up to date examples are the St. Lawrence seaway and the gas pipe line that is under discussion. Many of these things are not strictly economically sound.

As I said, we should also consider the view that the philosopher would take. After all, we must attach some importance to the social effects that economic depression has created in certain parts of our country. How can we be proud to be Canadians if we know that in certain areas of this country there are people who are in dire financial straits through no fault of their own? We should recognize also that there is definitely a military problem involved here. We should look rather carefully at the possibility of stemming this trend toward having our key industries concentrated in a small area. We should make sure that encouragement is given to developing a dispersed industry in all parts of the country. Such an industry would help to revive the small towns in many areas, and would be a stimulus to agriculture, transportation, service industries and all business firms in those areas.

The government has a responsibility here that it cannot avoid. The government should give serious consideration to this resolution. I particularly approve of the last part of it, which says:

> —such rehabilitation to be achieved through direct government assistance for the establishment of additional or alternative industries in the areas concerned—

There is one reservation, however, in that I should like to be able to put my own interpretation on what direct government assistance means. The resolution goes on to suggest that if that fails, means should be found for transplanting the people concerned to some other part of the country. I think that is a course which should be followed only as a last resort, but it would be unavoidable in some cases such as mining towns which were built on resources that had been exhausted.

There are many ways in which the government could take action to improve the situation in some of these depressed areas. There are tariff adjustments which might be made which would benefit them. There are freight subventions which might be considered. There is defence expenditure and government buying generally. It might be said that these suggestions are not practical, that they are suggestions that are not really feasible. It might be well for us to look briefly at what our neighbour to the south is doing in this connection.

In the United States it is recognized that governments now do a great deal of the business of the country directly. Defence production and other government purchasing is really big business. In the United States they see to it that some effort is made to even out the effect of government buying. They have a system which gives to areas where there is considerable unemployment a preference in government purchases. They have a differential advantage of 6 per cent on government contracts for the supply of material, and a differential of 12 per cent where their competitors are foreign firms. This is a principle which might very well be considered for Canada. It has the advantage of tending to disperse vital industries across the country so they are not so vulnerable from a military point of view.

There are many other ways in which the United States government tries to relieve this problem. For instance, I have with me a publication of the United States department of commerce which has the title, "What will New Industry Mean to my Town?" In this publication they study the effect of the establishment of new industries in two small towns in two entirely different parts of the United States. They point out that such developments increase employment, stimulate business and have many other beneficial effects. They also point out that this creates certain problems for the small towns concerned, and that the effects of the creation of new businesses in small communities are not all on one side of the ledger.

Then, too, the United States government is very careful to try to assure that small businesses get their share of government contracts. There is a publication here from the small business administration of the United States government entitled, "U.S. Government Purchasing Directory". In it they point out that in various ways they encourage small businesses to tender for the supplying of materials to the defence department and other departments. In the foreword to this publication I find the following statement:

> One of the major responsibilities of the small business administration is to carry out the policy of congress, as stated in the small business act of 1953, as amended, that small business concerns should receive "a fair proportion of the total purchases and contracts for supplies and services for the government".

This is a concrete illustration that our neighbour to the south finds it not only possible but advantageous to try to encourage

small businesses in the extremities of the country to get their fair share of government contracts, and in that way share equitably in whatever prosperity their country may enjoy.

It is not my intention, Mr. Speaker, to take up any more time of the house, except to say that in principle I heartily support the resolution before us.

Mrs. Ann Shipley (Timiskaming): First, Mr. Speaker, I want to thank the hon. member for Cape Breton South for his kind words about me and his concern for my people and others in like circumstances. I have been listening to this debate all afternoon, and I kept reading the resolution over and over again. It appeared as though the interpretation put upon the resolution by some of the speakers was that it concerned the maritimes alone. Well, the mover of the resolution did not speak in that vein, nor do I think the wording of the resolution would lead one to believe that is so. It is a general resolution stating that:

> —the government should give consideration to the advisability of providing for the economic rehabilitation of people living in communities and areas in Canada where extreme hardships are resulting from the closing down of the principle industries—

In no way, Mr. Speaker, do I want to belittle any claim the maritimes feel they have on the nation. They have my keen sympathy. But on the other hand I object now, as I have objected in the past, to members of the opposition giving the impression to the people of Canada that anything that besets them becomes the responsibility of the federal government. I come from a mining area in the northern part of Ontario. We have faced almost ghost towns, but fortunately by our own grit and initiative, with no help from anyone, we have been able to pull through. It was luck, chiefly, if I must be honest.

But here we are a part of this great province of Ontario. The municipalities located near the mining industries are set up under the jurisdiction of the laws of the province of Ontario. The loans that are made by the municipality itself are controlled by the Ontario municipal board. The extent to which that municipality develops is controlled entirely by the provincial government. In the course of time almost any mine will peter out, and the mover of this resolution specifically referred to wasting resources. Am I to believe from this resolution that the moment the assets of a mine become exhausted the responsibility for the people of that community, in a wealthy province like Ontario, should immediately become the responsibility of the federal government? I would say no.

[Mr. MacLean.]

Mr. Gillis: No; I made that quite clear.

Mrs. Shipley: I am sorry; I missed that point.

Mr. Gillis: It is a joint responsibility.

Mrs. Shipley: The hon. member is the only one who did, then. Here is the whole situation as I see it. If any province has a claim on the national responsibility, and if a situation has been created for the benefit of the nation, then I say that province, or a particular section of that province, has a claim on the national income and on national support. Otherwise, if the province is financially able, it should look after that situation, and it cannot come too soon to suit me.

I am grateful to the hon. member for Cape Breton South for bringing this resolution to the house. Plans should be made now, not only in my own province but in many provinces throughout Canada. It will happen rather suddenly so far as the rest of the people are concerned. Those of us who live in those areas can see it coming. There are millions of dollars worth of assets there. At a time when housing, schools, churches and public buildings are in short supply in Canada, it is inconceivable to me that the life savings of thousands of people should be left behind. In our particular case we are almost in the heart of Canada. When the mines are exhausted where I live, surely we are not going to let these places become ghost towns. I say we will not, but I say we should start now.

If there are places in Canada where there is a national responsibility, so far as we are concerned it is in the gold mining areas. That is being taken care of by the Emergency Gold Mining Assistance Act. But that is where the responsibility of this government lies, because the restrictive measures in so far as the sale and use of gold are concerned are a national responsibility, and they should take care of it, as they do, for which we are very grateful. But if there are any other areas of national responsibility I hope when the provinces concerned ask for help, this government will take the matter under advisement and make plans now. I am not referring to the over-all problem; I am referring to the instances that were cited by the hon. member who introduced the resolution and that were described in the resolution.

Of course there are certain federal government agencies that can be utilized should such a situation occur, such as those described by the Minister of Labour this afternoon, but those are available to all places to take care of similar problems.

This afternoon the hon. member for Royal said, "Well, in Ontario there were lots of

places where people who are out of employment by reason of the exhaustion of mines could find employment", or something to that effect. These were not the exact words. Well, my goodness, I wish he had lived in a mining community where, when he went there, there was nothing but mud for streets and huts to live in, and worked hard for years and years to build up a community of which he was proud, in which he had invested every cent he owned and had built up something worth while. To suggest that men can find employment elsewhere in Ontario is, I suggest, Mr. Speaker, very shortsighted, and it is perhaps a heartless way to look at the matter. I am sure the hon. member himself has not been faced with that problem, and he did not give the matter enough thought or he would not have made what to me is such a heartless statement.

There are others who say well, when these people go into mining communities and invest their money in homes, and they pay six times as much as is normal to put sewers and water through the rocks, they know that the mining community is expendable, and why do they spend their money? Well, there again it is a thoughtless and narrow-minded person who would make such a statement; but I have heard it, Mr. Speaker. If those people would stop and think for a moment they would know that those lumbering camps, the mining communities and so on, have opened up Canada. Those are the people to whom Canada owes a tremendous debt. They would not say well, we knew it was expendable.

In many instances it has been our whole life. Our children were born there. They have grown to manhood there; they have been educated there and it is their home. Surely with the tremendous wealth in my own province something can be done to induce industry to establish itself there. It would take very little. We are not so out of the way, but there are so many different situations. In some provinces and in some parts of the same province the situation is very different. The provincial government should begin to analyse each situation and arrive at a solution to take care of each particular situation.

There is just one particular point I should like to make in my closing remarks, Mr. Speaker. I mentioned the Emergency Gold Mining Assistance Act which has helped many communities in northern Ontario, northern Quebec and other parts of Canada. I am sorry my colleague the hon. member for Villeneuve has not had the opportunity to speak on this subject. There is one community in his riding, Villeneuve, that would have had to close down three or four years ago but for the assistance of the Emergency Gold Mining Assistance Act. What has happened? They have found copper within 12 miles of the area where the gold mine was exhausted, and that splendid community will be available for that purpose. That is just luck, and we all cannot be that lucky.

Therefore I hope, Mr. Speaker, that the discussions that have taken place today will be heard by the provincial governments concerned, and that they will take action for those of us who need action from that particular source.

BUSINESS OF THE HOUSE

Mr. Harris: I was asked on Friday to indicate when the budget debate would be resumed. It has been agreed that we shall do that on Friday next.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

RADAR LINES—COSTS

Question No. 183—**Mr. Pearkes:**

What amounts have been paid to date as Canada's share in the construction, equipping and maintenance, including pay and allowances, for military and civilian personnel of: (a) "Pinetree" line; (b) mid-Canada line; (c) D.E.W. line?

Answer by: **Mr. Campney:**

(a) $175,067,690.

(b) $26,673,816.

(c) In the provision of the northern early warning systems, the United States undertook responsibility for constructing and equipping the D.E.W. line, and Canada, the mid-Canada line. Canada, therefore, has made no payments as a direct share of the cost of constructing and equipping the D.E.W. line. Canadian government departments, in particular the departments of national defence, defence production, transport, and northern affairs and national resources, have used their facilities to assist in the construction of the D.E.W. line, and, wherever possible, the United States government has used Canadian contractors, materials and labour.

EX-REGULAR ARMY PERSONNEL IN RESERVES

Question No. 267—**Mr. Pearkes:**

1. How many ex-members of the Canadian regular army have enrolled into the Canadian regular army reserve?
2. How many of these reservists attended training last year with the regular army?

Answer by: **Mr. Campney:**

1. 215.
2. 110.

CIVIL SERVICE COMPETITION NO. 56-M573

Question No. 269—**Mr. Hamilton (Notre Dame de Grace):**

1. How many classes are to be taught by the instructor in bookkeeping advertised for under civil service competition No. 56-M573?
2. What will be the average number of students per class?

Answer by: **Mr. Campney:**

1. There will be a total of 16 courses per year, 12 of trade group 3 and 4 of trade group 4, with 50 periods of instruction in each course.
2. 15.

COLONEL WOOD ROWE PURCELL

Question No. 270—**Mr. Castleden:**

1. Has Colonel Wood Rowe Purcell been placed in command of Canadian army's warfare and Arctic branch at defence headquarters?
2. If so, how many Canadian troops will be placed under his command?
3. Is he being attached to Canadian national defence for pay, allowances and expenses?

Answer by: **Mr. Campney:**

1. Colonel William Wood Rowe Purcell is a United States exchange officer on duty at national defence headquarters. He is presently serving as the senior staff officer in the air, Arctic and mobile striking force section of the directorate of military training.
2. None.
3. No.

SURPLUS BUILDINGS, BARRACK GREEN, SAINT JOHN, N.B.

Question No. 285—**Mr. Bell:**

1. What buildings, by numbers, have been declared surplus by the Department of National Defence in the Barrack Green, Saint John, New Brunswick?
2. What, if any, are to remain?

Answer by: **Mr. Campney:**

1. 5, 6, 14, 15, 18, 19, 20, 22, 23, 26, 27, 28, 29, 30, 31, 42, 44, 50 and 51.

2. (a) 17 and 38 will shortly be declared surplus; (b) 16, 21, 25, 33A, 45, 46, 49 and F4 will be temporarily retained; (c) 33, 34, 36, 37 and F1 will be permanently retained.

PATENTS INQUIRY

Question No. 289—**Mr. Knowles:**

1. Is the commission inquiring into patents, copyrights, and related subjects, authorized to make recommendations revising the manner in which registered patent attorneys and agents may practise before the patent office as firms of patent attorneys or agents?
2. When is it expected that the report of the said commission will be made?

Answer by: **Mr. Pinard:**

1. It is considered that the terms of reference of the royal commission on patents, copyrights, trade marks and industrial designs include a study of the manner in which patent attorneys and agents practise before the patent office, and in fact certain public evidence has already been given in this connection.

2. At the end of 1956 or early in 1957.

COST OF LIVING STATISTICS

Question No. 291—**Mr. Knowles:**

1. What was the cost of living index or the total consumer price index (whichever can be given in constant or comparable figures) for each of the following years: 1926, 1927, 1930, 1933, 1936, 1939, 1942, 1943, 1947, 1949, 1950, 1952, 1954, 1955?
2. What is the comparable figure at the present time?

Answer by: **Mr. Howe (Port Arthur):**

1 and 2.

	Consumer Price Index (1949=100)
1926	75·9
1927	74·6
1930	75·3
1933	58·8
1936	61·1
1939	63·2
1942	72·9
1943	74·2
1947	84·8
1949	100·0
1950	102·9
1952	116·5
1954	116·2
1955	116·4
February 1956	116·4

GROSS NATIONAL PRODUCTION STATISTICS

Question No. 292—**Mr. Knowles:**

1. What was Canada's gross national production in each of the following years: 1926, 1927, 1930, 1933, 1936, 1939, 1942, 1943, 1947, 1949, 1950, 1952, 1954, 1955?

2. What is the anticipated gross national production for 1956?

Answer by: **Mr. Howe (Port Arthur):**

1.

	Gross National Product (millions of dollars)
1926	5,294
1927	5,647
1930	5,546
1933	3,552
1936	4,701
1939	5,707
1942	10,539
1943	11,183
1947	13,768
1949	16,462
1950	18,203
1952	23,255
1954	24,148
1955	26,624

2. No forecast for 1956 available at present.

Questions

DEPARTMENT OF TRANSPORT AIRCRAFT CF-EYX

Question No. 301—**Mr. Hamilton (Notre Dame de Grace):**

1. What were the names of the passengers on the flight of Department of Transport aircraft CF-EYX between Montreal-Ottawa and Ottawa-Toronto, on November 26, 1954?

2. What was the purpose of their trip?

Answer by: **Mr. Marler:**

1. (a) Montreal-Ottawa: A. de Niverville, director of air services, Department of Transport, Ottawa; S. S. Foley, district controller air services, Department of Transport, Toronto; D. A. McIntyre, district superintendent airways, Department of Transport, Toronto; D. W. Saunders, district superintendent air regulations, Department of Transport, Toronto; W. McDowell, district radio engineer, Department of Transport, Toronto; D. Bell, district aircraft inspector, Department of Transport, Toronto; R. W. Bradley, district airway engineer, Department of Transport, Toronto; R. E. Harris, senior area traffic controller, Department of Transport, Toronto; S. Haskins, meteorological services, Department of Transport, Toronto; H. White, airways serviceman, Department of Transport, Toronto; (b) Ottawa-Toronto: As above with exception of the director of air services.

2. (a) To return to their headquarters the district officials listed, who had been in Montreal attending meetings on matters relating to traffic control and airport construction; (b) the director of air services was in Montreal en route from overseas. The flight to Toronto was therefore made via Ottawa where the director deplaned and the aircraft proceeded to its home base at Malton.

HOUSE OF COMMONS

Tuesday, March 20, 1956

The house met at 2.30 p.m.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. W. J. Henderson (Kingston) moved:

That the petitions for private bills of the Maritime Stock Breeders' Association, Trans-Prairie Pipelines of Canada, Ltd., Esther Pheobe Brunger Abels, Rosa-Anna Rose Crombie, Adam Forbes, Martha Hope MacDougall Fortier, Geraldine Isabella Johnson Mole, Hugh Oliver Semper and Phyllis Elizabeth Jardine Williams, together with the clerk of petitions' reports thereon of March 15 and 19, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

NATIONAL DEFENCE

MANNING AND OPERATION OF EARLY WARNING LINES

Mr. P. T. Hellyer (Parliamentary Assistant to the Minister of National Defence): In accordance with the practice of informing the house about current developments in continental air defence, I should like to make a statement on the manning and operation of the early warning lines in the Canada-United States air defence system.

In consultation with the United States government it has now been agreed that the distant early warning line should be manned and operated for the next three years by a civilian contractor, to be selected by the United States government. The Canadian government has reserved the right to undertake any part or all of the manning and operation of the Canadian section of this line after the expiration of the three-year period.

A United States-Canadian military group will be located at each main station in the D.E.W. line and will have control of the purely military functions of the line.

With reference to the mid-Canada line, investigations are now being made by the Canadian government to see whether it is practicable to have the technical maintenance and manning of this line also undertaken by a civilian contractor.

Mr. Howard C. Green (Vancouver-Quadra): Will these contractors be Canadian contractors or United States contractors?

Mr. Hellyer: I am not sure, but I presume it would possibly be a United States contractor. In any event, if the United States government have the selection of the contractor that would be something they would have to decide.

Mr. Green: Has the Canadian government no voice whatever in the selection of these contractors?

Mr. Hellyer: In this particular case the statement covers the matter. The United States government has the responsibility for the selection of the contractor.

[Later:]

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I wish to ask the Prime Minister a question which is supplementary to those asked by the hon. member for Vancouver-Quadra (Mr. Green). Are there any other agreements of the same nature as the one dealing with the distant early warning line, allowing United States contractors appointed by the United States government to take over? I should like to ask this question also. Are those contractors and their employees subject to Canadian statutes and laws or is there some agreement with regard to the legal standing of those people?

Right Hon. L. S. St. Laurent (Prime Minister): The question of the hon. member is so all-embracing that in order to be perfectly sure of the accuracy of every part of the answer I might give, I prefer to take it as notice.

Mr. Coldwell: All right.

Mr. Green: Would the Prime Minister consider tabling the agreement or agreements?

Mr. St. Laurent (Quebec East): We will consider the hon. member's suggestion that the agreements be tabled. We shall have to consider it in the light of the security arrangements that exist between ourselves and the United States in connection with these early warning lines.

[Later:]

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to direct a question to the Prime Minister, supplementary to the question asked by

the member for Rosetown-Biggar. When he gives his reply, will the Prime Minister indicate what arrangements in respect to unemployment insurance coverage will be in effect with respect to the employees to whom the hon. member for Rosetown-Biggar referred?

Mr. St. Laurent (Quebec East): I will take note of the hon. gentleman's desire to have that information.

EXTERNAL AFFAIRS

INQUIRY AS TO CANADA'S POSITION ON ANGLO-FRENCH DISARMAMENT PROPOSAL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Can the minister inform the house what stand Canada is taking on the Anglo-French disarmament proposal reported from London in today's press?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. member was good enough to give me notice of this question. The discussions of the United Nations disarmament subcommittee, of which Canada is a member together with France, the United Kingdom, the United States and the Soviet union, were resumed yesterday in London. As the house knows, the subcommittee meets in private in accordance with the recommendation of the United Nations general assembly. In view of this, I do not feel that it would be appropriate for me to comment on these highly important and delicate negotiations at this very early stage in the negotiations.

I can say that western delegations have given earnest consideration to the various aspects of this problem during preliminary discussions which took place during last week, and that there seemed to be substantial agreement on the measures which should be taken as a first step in a disarmament program. I do not think it would be appropriate for me to add to this for the time being.

Together with the other western members, Canada will do its utmost to widen the area of agreement which may already exist between the east and the west on this vital issue in order to bring about some measure, at least, of effective disarmament which would contribute to diminishing international tension and by the same token facilitate the settlement of other outstanding issues. Having said that, Mr. Speaker, I think I should add that a disarmament scheme on paper which did not include effective methods of control and supervision would not, I think, contribute to these desirable ends.

During the last twelve months a number of significant and constructive proposals have been made in this field, and the subcommittee will now be offered the challenging task of finding whether it will be possible to develop proposals which will be generally acceptable. The Canadian delegation at the London meeting will do its best as a member of the subcommittee to help bring about such agreement.

POWER

REPORTED CONFERENCE ON DEVELOPMENT OF COLUMBIA RIVER

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of Northern Affairs and National Resources. Vancouver papers reaching here over the week end report Premier Bennett as stating that the minister is to confer with him shortly about the development of the Columbia river. Is this so, and could the minister give the house a statement? Incidentally, it would be helpful if he could state whether the dominion is prepared to negotiate on the basis of a joint investment program.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, I wish to thank the hon. member for having given me notice of his question. When Premier Bennett was in Ottawa on Friday, March 9, I had a conversation with him. Among other things, water problems of common concern were mentioned. We agreed that it would be a good thing to sit down together and discuss such problems. Premier Bennett then invited me to visit him in Victoria. I told him it was possible that I would have to go to the Pacific coast later this spring and that I might visit him then with some of my advisers. I may add that the question of the joint development of hydro power on the Columbia river as such, which has been raised by the hon. member, was not mentioned.

Mr. Green: Is the government prepared to negotiate on the basis of a joint investment program?

Mr. Lesage: Mr. Speaker, I have no comment to add at this time.

OLD AGE PENSIONS

ONTARIO—SUPPLEMENTAL ALLOWANCE TO THOSE IN NEED

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Minister

of National Health and Welfare, and it is this. Does the federal government pay any portion of the new Ontario $20 old age supplemental allowance to those in need? If so, how much?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I am not sure that this is the kind of question that you think proper on the orders of the day.

Mr. Speaker: The minister has the right to insist that this question be placed on the order paper. He does not have to look at me. All he has to do is say, "I wish this question to be placed on the order paper". That is all he needs to do.

Mr. Martin: Mr. Speaker, as my hon. friend knows the full details of the supplemental allowance to which he directs my attention have not been made public, but I understand it is restricted to a limited number of persons. The federal government pays all of the $40 a month to those 70 and over. I think my hon. friend is aware that we pay half of the old age assistance program to the province of Ontario as well as to all other provinces.

Mr. Lennard: Up to $40 a month.

Mr. Martin: In other words, well over 90 per cent of the old age assistance and old age security in Canada is paid by the taxpayers through the federal government.

Mr. Fraser (Peterborough): Mr. Speaker, the minister went all around the mulberry bush, but he never answered my question.

[*Later:*]

On the orders of the day:

Mr. Fraser (Peterborough): May I ask the Minister of National Health and Welfare if he could just say yes or no to the question I asked?

Mr. Martin: Would my hon. friend repeat his question?

Mr. Fraser (Peterborough): The question is, does the federal government pay any portion of the new Ontario old age supplementary allowance of $20 for those in need?

Mr. Martin: If my hon. friend is seeking to have me say something against a provincial government, he is mistaken. I believe the way to proceed in these matters is by co-operation with all provincial governments.

Mr. Fulton: Yes or no?

Mr. Martin: The fact is that this particular supplementary is paid entirely by the province of Ontario, but it is much less than supplementary payments made by three other provinces.

Inquiries of the Ministry

REPORTED ADOPTION OF CANADIAN PLAN BY HOLLAND

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the hon. Minister of National Health and Welfare? Has his attention been called to newspaper reports that Holland has copied Canada's universal old age pension plan, except that the pension is paid at age 65?

Hon. Paul Martin (Minister of National Health and Welfare): I thank the hon. member for this tribute to the ingenuity of the government of Canada.

Mr. Knowles: Will the minister—

Some hon. Members: Oh, oh.

Mr. Knowles: Will the minister take note of the fact that under the plan referred to payments to everyone begin at age 65, and will Canada do the same?

Mr. Coldwell: Exercise your ingenuity again.

Mr. Knowles: Yes or no?

CITIZENSHIP AND IMMIGRATION

PROVISION OF ASSISTANCE TO CHILDREN OF IMMIGRANTS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Minister of Citizenship and Immigration arising out of his announcement offering to pay to the children of immigrants up to 16 years of age the equivalent of $5 per month. My question is this. Does the minister regard that offer as a substitute for the regular payment of family allowances?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, the purpose of this allowance is to help immigrants get established in Canada. It is not regarded as a substitute for anything.

HIGHWAYS

TORONTO—REQUEST FOR ASSISTANCE IN BUILDING TRAFFIC TUNNEL

On the orders of the day:

Mr. Roland Michener (St. Paul's): Mr. Speaker, I wish to direct to the Minister of Finance a question of which I have given him notice, unless it should be directed more properly to another department. Has the federal government been asked for financial assistance in building a traffic tunnel from

the city of Toronto to Toronto island? If so, has any decision been made, and what is the decision?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): This question was handed to me a few minutes ago by the Minister of Finance, and I have made inquiries in our department. I am told that no official representation has been made to the Department of Public Works.

Mr. Michener: May I ask a supplementary question? Can the parliamentary assistant advise whether a similar request has been made of any department?

Right Hon. L. S. St. Laurent (Prime Minister): Is not that the type of question, Mr. Speaker, that should go on the order paper so that inquiries in all departments could be made for the purpose of giving an answer?

Mr. Michener: Mr. Speaker, I would be glad to have it on the order paper. It is just a matter of getting information.

CANADIAN FARM LOAN ACT

AMENDMENTS TO REORGANIZE CAPITAL STRUCTURE, INCREASE AMOUNT OF LOANS, ETC.

The house resumed, from Thursday, March 8, consideration of the motion of Mr. Harris for the second reading of Bill No. 84, to amend the Canadian Farm Loan Act.

Mr. L. E. Cardiff (Huron): I intend to take just a very few minutes to speak on this bill. I think the farm loan board could more popularly be called dominion farm loans limited, because it is so difficult to get a loan on some of these farms. In my part of the country we have a lot of young farmers who would stay on the farm if they could get started, but they find it very difficult to get a loan, especially from the dominion government, to enable them to start.

I am going to have something to say about the percentage rate that is being charged but that is not the hold-up. It is the fact that these people just cannot get a loan because the restrictions are too great, and there is not enough flexibility on the part of those administering the loans. I do not know why this should be so. At 5 per cent the rate is too high. There is no reason why these loans should not be made by the dominion government just as cheaply as the junior farm loan board of Ontario makes them. That farm loan board is doing much more business in my part of the country than the dominion loan board.

A few years ago this board was practically dormant; it was not doing any business, and I do not know the reason for that. For several years very little business was done. Apparently they were sitting back trying to make collections on the loans they had made years ago. Now we are in the position in some places where the average age of farmers is 60 and over. Why is that? It is simply because boys are not able to get loans to start farming. Unless you have in excess of at least $10,000 you can hardly get started on a farm.

Up to the present time, at any rate, the government has not suffered any losses on loans because the values of farm properties have been increasing every year for the last 15 years, so much so that they are double what they were 10 or 15 years ago. Therefore the government has not been losing any money on loans made on these farms.

The bill calls for a 65 per cent limit on the loan. It should be raised to 75 per cent. That would not be too high, because a farmer would not get any more than 50 per cent of it anyway. There is no reason why the amount should not be raised in some instances, at any rate. The requirement of gilt-edge security on every loan that is proposed or asked for is holding back the young farmers of this country. They are not able to get the money they want.

Why is the dominion government not able to lower the interest rate on these loans? Some will say it is owing to the fact that they are small loans and they cost too much to make. If the Ontario farm loan board can lend money at 4 per cent there is no reason why the dominion board could not lend it at the same interest rate. That rate is high enough when you consider the remuneration farmers get for their efforts. I would suggest that the interest rate be lowered to 4 per cent and that the percentage be raised to 75 per cent of the value. That would give many of these boys a chance to spread themselves and operate their farms more efficiently.

I do not intend to say very much more, but I hope some consideration will be given to some of the proposals I have made.

Mr. H. A. Hosking (Wellington South): Mr. Speaker, I wish to speak for just a moment or two on this bill. I would like to commend the government for making larger amounts of money available to farmers, and at an interest rate which they will consider to be fair. Most of us know that in the last three years the farming industry in Canada has been the hardest hit of any of our industries. It is right and proper that we should do some things to help the farmers in the province of Ontario; therefore I commend the minister for presenting this bill.

But, specifically, I would like to make another point with regard to servicing the

farmers through the farm loan board. Located as it is in the centre of Toronto the office is in an extremely difficult place to find and like most places in Toronto it is practically inaccessible. I would say that is a kindly criticism of the city of Toronto, which has grown much too large to house a farm loan office. This office should be moved to a location where farmers could find it without the difficulties they experience in the city of Toronto.

Having passed that comment about the office, and having brought to the attention of the minister the fact that going to Toronto is an extremely difficult operation for a farmer, I would like to make a recommendation. Before doing so I might point out it is particularly difficult for the type of farmers who require loans to go to Toronto. They are not as familiar with the large cities as are some of the farmers who do not require loans. Looking for the office is a difficult and unpleasant task for them.

I should like to recommend that the city of Guelph is a more central location. It is the centre of gravity of the area requiring farm loans having as it does the agricultural background of a city which contains the largest agricultural college in the British Empire and the famous Ontario veterinary college. Guelph would be the proper place in which to locate an office to give service to those farmers who would benefit by these increases made by this new farm loan act which is before us.

Mr. Speaker: May I suggest to the hon. member that if we are to have every hon. member in this house suggest that an office of the farm loan board should be established in his constituency, perhaps I myself might join in the concert and ask that there be one established in my own constituency. There is no limit to that. There is certainly nothing wrong with asking that an agency be placed in one's own constituency, but I do not think the proper time to do so is when we are discussing the second reading of this bill.

Mr. Hosking: Thank you, Mr. Speaker. I shall now close my remarks by thanking the minister for making more money available in loans in view of the fact that the cost of buying farms has increased. I should like to express my appreciation for his having made this money available to the farmers.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, the bill before us is an act to amend the Canadian Farm Loan Act, and has to do with the extension of credit to agriculture. I might say that the whole problem of adequate credit to farming in Canada is extremely complex, and is one which I think deserves the attention of all hon. members of this house. Agriculture is a basic industry in Canada and as such I think it demands the attention of all hon. members.

I believe the government has come to realize, in respect to the method of financing this type of credit, that the procedure has been very clumsy in the past. The amendments proposed will make some changes in that respect. However, I want to deal more particularly with the terms of the loans which are made to farmers.

I might say, Mr. Speaker, that in Saskatchewan this matter has been given a great deal of attention. I suggest that the commission which has been set up to investigate the picture of agriculture in Saskatchewan has done a remarkably good job in setting out the problems which face agriculture in respect to credit, and also the other problems related to the rural life of that province. I do feel that there may be differences of opinion, and the need of credit for agriculture in various provinces may differ. Essentially, however, the needs are the same.

Agriculture as a vocation is a very precarious one, where the producer not only has to face the vagaries of weather conditions but also has to face the fact that his return, in other words the market price for his commodity, varies considerably from time to time, I believe that is one reason why lending on farms in Saskatchewan through the banks came to a stop, because of the experiences of the banks and mortgage companies in the 1930's. But today I believe there is a great need for adequate lending facilities to the farmer.

I think it is essential that we understand exactly what we are trying to do when formulating policies of credit for agriculture. It is important to understand whether we want to advance the idea of corporate farms, or whether we believe that the family farm is the kind of institution we should have in Canada and relate our credit policies to the promotion of the best interests of the family farm. I was very interested in this matter, and I think the different methods we have of providing credit for agriculture in Canada are not satisfactory. First, they are varied in such a way that the farmer does not know exactly how to obtain that credit. In some cases the loans are overlapping, and we find a great deal of misunderstanding in respect to what a farmer may get in the way of credit.

The bill proposes to increase the percentage of the assessed value of land on which a farmer may get a loan from 60 to 65 per cent. I agree with the previous speaker that even though this is an advance over the previous figure, it still is not satisfactory, because the officials of the board in

assessing the farms are very conservative in their appraisals, and consequently 65 per cent does not represent an adequate assessment for the provision of loans. I suggest that we should perhaps change this to bring it more into line with what is being done in the United States.

I took the opportunity of inquiring about the methods adopted in the United States with respect to credit to agriculture. I find that in the United States they have a very great number of different methods of giving assistance to farmers by way of different types of loans and different types of credit. Whilst I do not entirely agree with everything they have done, I think they have a measure of credit to the farmer greatly in excess of what we have in Canada. In the first instance, under the farmers' home administration, the provision is for 90 per cent of the assessed value of the land. That is very important, because today it is recognized that agriculture is becoming more highly mechanized.

As I stated earlier, the royal commission studying agriculture in the province of Saskatchewan has indicated that there is a direct relationship between the capitalization of each farm and the net income. As an example, it is indicated that a farm in which there is a total investment of $17,000 realized twice the net income of one in which the total investment was $10,600. Then it goes on to say in the report:

> . . . two-thirds of Saskatchewan's farms are undercapitalized and realize less than adequate average income.

It is pointed out that when the point of capitalization is reached where the farm becomes efficient, then of course that increases the income to that farm unit. I might say, in respect to the amount of the loan on any one farm, it is being increased under the bill from $10,000 to $15,000. I think this is a move in the right direction, but I wish to point out that it has been found in investigations made by the royal commission in Saskatchewan that the average farm there requires something more than $17,000, and it is pointed out by authorities that the family farm, to be adequately capitalized and properly mechanized, would perhaps require closer to $25,000 or $30,000. I think this bill, making provision for a maximum loan of $15,000, is totally inadequate to meet farming conditions, particularly in my province of Saskatchewan, and I believe the same conditions would pertain in other parts of the dominion of Canada.

As I said at the beginning, it is very difficult to assess just what type of credit we need for agriculture. If it is to be successful in giving security to the family farm and making sure that the family farm has an adequate income comparable with other vocations, it will be essential, first, that we have agricultural policies to guarantee the income of that farm. I am acquainted with the experiences of the farmers in Saskatchewan who have suffered tragedy because of the vagaries of the system by which the prices for what they produce go up and down. A farmer might have an economic unit that is mechanized, highly specialized and productive, but when prices go down of course that investment brings in a very small return to the farmer; he will find himself mortgaged and with a load of debt and interest that he cannot carry. So I think we have to take a second hard look at the methods of providing credit for agriculture.

I believe that the 5 per cent interest provided in this case is far too high. Instead, the government should set up some type of farm administration for the provision of credit to agriculture, and it should be set up on a revolving fund basis, with the lowest rate possible being charged to borrowers under the scheme. I believe such a plan should be carried out with an interest rate of 2 or 3 per cent, very little more than the government would need to pay in order to get the money from the Bank of Canada.

If this were done, and we had proper supervision of these loans to the farmers, in the same way as is done under the farmers' home administration act in the United States, so the farmer would get adequate technical advice in respect to the methods of farming, construction and planning of farm buildings and all the associated experience and technical advice that could be given to him through that type of administration, then we could build up in Canada what might be called a morale amongst our farmers and we would show a high regard for the moral obligations involved in providing such a type of credit to the farmers.

I have had some experience with credit unions, and I know that under their plans there is a moral obligation to those taking out loans. The loss on loans provided under the credit union plan is very small. I am quite sure if it were known in the community, that a farmer was getting a loan under the type of plan I am suggesting, namely a low interest rate loan which would be properly supervised through advice to that farmer, then I am sure there would be a moral obligation and there would be very little risk involved.

I believe such a plan would provide a healthy atmosphere for agriculture. The farmer today is facing tremendous difficulties so far as the prices he receives for his commodities are concerned. As everyone knows,

the farmer from coast to coast is caught in a price squeeze. The situation may vary from province to province; nevertheless it is probably similar in every province. The fruit grower, the vegetable grower, the market gardiner, almost every producer today is working in a very competitive field, not competitive as between different producers but competitive in the respect that the farmer must minimize his costs in order to stay in business.

I do not think there is another vocational group in Canada who display the co-operative spirit that prevails in agriculture. I know that on occasion almost every farmer of my acquaintance lends expensive machinery to his neighbours. This takes place on almost every farm in the province of Saskatchewan, and I presume the situation is similar in every other province. Therefore while there is not competition between farmer and farmer, there is the competitive aspect to which I have referred, as a result of which the farmer must be highly specialized and competitive from the point of view of trying to keep down his costs.

Here we have a proposal to make it possible for the farmer to borrow money from the Canadian farm loan board at 5 per cent interest, and if there is any default the farmer then has to pay 5½ per cent interest. I think Canada is far behind other countries which have undertaken to try to adequately finance farmers in need of specialized credit. While the loans under this legislation are intended to provide long-term credit, I do not think they meet the situation adequately. A maximum period of 25 years is provided, but under the home administration act of the United States loans are made for 40 years and, as I said before, the initial interest rate is 3½ per cent.

In addition, there are other types of loans available in the United States by which the living standards of rural people are raised. I should like to mention the administration of the rural electrification branch of the United States department of agriculture. This is a most amazing type of credit that is provided to farmers in the United States. The scheme has been in operation since 1935, and I think we in Canada should have taken an earlier look at exactly what they are doing in that great country to the south of us. I am sure the people of the United States would be the first to recognize that they have not found all the answers, and that even yet they have not all the credit facilities necessary for a healthy agriculture. Yet they have gone much further than we have.

I have here a statement on the rural electrification administration in the United States, in which it is pointed out that since 1935 loans have amounted to $3,106,085,511 and borrowers have used the loan fund to extend electric service to nearly 4,200,000 rural consumers and have built 1,350,000 miles of line.

Here is a program which provides credit to people living in the rural parts of the United States, and of course it raises the standard of living of those people. I do not think any comparable type of credit is given to agriculture in Canada. I know that under provincial legislation in the province of Saskatchewan a large grid system is being built throughout the province, and the electrification of farm homes is being accelerated. We have there a subsidization program to the farmers which provides around 50 per cent of the cost of installation, but the farmer still has to dig up $400 or $500 in order to complete installation on his farm.

I believe the federal government has been remiss in not accepting its responsibility, taking a look at the picture and providing credit for some of the needs of our rural people. When the bill goes to the standing committee on agriculture and colonization I hope a study will be made of ways and means of providing more adequate credit for agriculture. One important phase of such a credit proposal has to do with the young people who really do not have the credit standing to be able to obtain a loan. They are the people who are hardest hit under the suggested program of the Canadian farm loan board. It is not so bad for an established farmer, who perhaps can get credit either through his bank or by making application for a loan under this legislation, but I am more particularly interested in the young farmer who is trying to set up his farm and needs credit in order to make it highly efficient.

We find that land values are high, and that a capital outlay of $15,000 or $20,000 is required. Such an amount of money is not available to the average young person. Therefore I suggest that the government should give consideration to making it possible for young people to get larger loans. I also suggest that loans should be available under this legislation to the small farmer whose operation is perhaps uneconomic because of the size of his farm, and who wants to get a loan to buy additional land. As the legislation now stands, I believe there is a requirement that there must be buildings on the land before a loan can be given. I think there should be some easing of the qualifications required of a borrower in order that he may get a loan from the Canadian farm loan board.

This legislation has been in operation for some 20 years or more, and when one realizes

that something less than $100 million has been borrowed one can readily see that the legislation has not played its full part in providing the type of credit needed for agriculture. I realize that the bill is going to the standing committee, and I am sure the members of the committee will try to do the necessary research. Perhaps they will call certain people to find out what has been done in the United States and what is being done in Australia, where I understand a large revolving fund has been set up from which money is lent at 2 per cent interest in order to provide the necessary credit for rural people so they can improve their living standards and become highly efficient.

I am suggesting that certain changes are needed in our legislation. The present high cost of production and the general inflationary condition across the country warrant some changes in it, and I hope that when the bill comes back to the house the committee will have seen fit to amend it along the lines I have suggested.

Mr. J. M. Forgie (Renfrew North): Mr. Speaker, I do not presume to speak for the rest of Canada but I can speak about the county of Renfrew, which lies along the right bank of the Ottawa river about 100 miles from here. I have discussed the question of the farm loan board with many of the farmers there, and they are well pleased with the amendments that have been brought forward at this time.

As far as farming is concerned, the main industries are dairy farming and stock raising. Together with lumbering they are outstanding industries in my section of the country.

As far as my farmers are concerned, the amount of the loan is eminently satisfactory. I have been associated with this Canadian Farm Loan Act since 1929. I left my position only when I was honoured by being elected to this House of Commons in 1953. I can say without fear of contradiction that never in my experience has a loan of $15,000 been asked for in Renfrew county. The average loan amongst my farmers has run between $3,000 and $4,500. Hence when this amount is raised to $15,000, the appraisal is raised to 65 per cent, and the chattel mortgage and the second mortgage are removed from the provisions of this act, I think I can confidently say that this act, in the opinion of my farmers, is satisfactory.

The removal of the second mortgage and the chattel mortgage provides a cushion between the first mortgage of the Canadian farm loan board and some calamity that may happen to a farmer after he has taken out the first mortgage. It frees his cattle, all his stock and all his equipment, so that if he arrives in a position where he needs further loans, he has ample security with which to obtain them. I therefore do not agree with my friend the hon. member for Moose Mountain when he says that the conditions that prevail in western Canada prevail throughout Canada as a whole. I prefer to speak about sections of the country that I know something about rather than to deal in generalities.

As far as western Canada is concerned with respect to these loans, I have a little bit of experience in that connection, because I happen to have been a land owner for some considerable time in Saskatchewan. As I look at the annual report of the Canadian farm loan board I find that in Saskatchewan the outstanding loans amount to approximately $10,247,917.17. That is not very much money on the security of the farms of Saskatchewan. A more interesting document is the one that I received on February 7, 1956, from the *Monetary Times,* to which I wrote asking if they could give me the situation in the western provinces in connection with mortgage loans on farm lands in those three provinces from 1937 up to the present time. Mr. Speaker, if I may I should like to incorporate this letter in *Hansard,* because I think it reveals some significant figures and indicates possibly that sometimes a little bit of politics creeps into some of the remarks that are made in this chamber.

Mr. Speaker: A letter cannot be placed on the record unless it is read. Does the hon. gentleman intend to read it?

Mr. Forgie: I should like to have the opportunity of reading it and placing it on the record.

Mr. Speaker: The hon. member is quite sure that whatever is contained in that letter is quite relevant to the principle of this bill?

Mr. Forgie: Very definitely. I want to establish the fact that loans in Saskatchewan or in those western provinces are not as urgently sought as has been indicated by many hon. members who have already spoken. I should like to say that the total loans in the three provinces made by the Canadian insurance companies operating in Canada, the United States insurance companies operating in Canada, the British insurance companies operating in Canada, the trust companies and the mortgage loan companies in 1937 amounted to $182,286,000, of which $107 million was loaned in the province of Saskatchewan. In 1954 that $182 million of loans had been reduced to $20,240,000 and the

loans in the province of Saskatchewan had been reduced from $107 million to $6,500,000.

Mr. Speaker, I think it would be a wonderful investment to own the equity security of a corporation that could reduce its senior indebtedness from $182 million to $20 million in that space of time. I should just like to mention this in passing—

Mr. Speaker: May I suggest to the hon. member that in my humble view this moment is not the time to examine the position in the various provinces as to the amount of loans that have been requested or obtained by them in the past. We are dealing with a bill to amend the Canadian Farm Loan Act. It has to do with further credit being granted under the act. As long as we remain within that environment, we are all right. But if we go outside of it, we are contravening the rules.

Mr. Forgie: My object in bringing this material forward was to prove that there is not the demand for loans that is suggested, and that the farmers in those provinces apparently are in a strong enough financial position that they do not require loans. That is one reason.

An hon. Member: Let the farmers speak for themselves.

Mr. Speaker: Notwithstanding the worthy objective of the hon. gentleman, I do not think he should be allowed to make that point on this measure.

Mr. Forgie: Mr. Speaker, I do not claim that the provisions of this act, including the amendments, have reached a stage of perfection. I think that the inspection department of the Canadian farm loan board could be stepped up. It takes too long to inspect a property. Certainly speaking for my section of the country, I can say that it takes too long to obtain a report as to the security offered by the farmer. I would therefore suggest that the inspection squad be increased or that possibly the field men under the Veterans' Land Act might lend some assistance. The field men who are operating under the Veterans' Land Act are extremely efficient.

I also think the form of application should be simplified. I believe the application form is too cumbersome. I would therefore suggest that attention and study be given to that matter with a view to seeing if the application form could not be simplified. In my experience the farmers find it most difficult to make that form out. I think the terms of payment are satisfactory. If the farmer wishes to pay his loan within 24 months from the time he has taken it out, he must of course pay a bonus as well as the principal and interest up to date. But if after the expiration of the two years he desires to pay off his loan, he can then do so without notice and without any bonus.

I think the advertising under this Canadian Farm Loan Act is being done in the proper place, namely through the farm journals. I cannot see any advantage in spending a great deal of money on having advertisements placed in the local papers throughout the country.

Since I understand this bill is going before the standing committee on agriculture and colonization in the very near future, I shall defer any further remarks I desire to make on this matter.

Mr. G. W. Montgomery (Victoria-Carleton): I shall only take a few minutes, Mr. Speaker. I have been interested in the remarks made on this bill by various hon. members. I understand it will be referred to the banking and commerce committee, but I believe we should make any suggestions we have at this time so they may be considered by that committee.

First I should like to say that I believe these amendments are improvements in the act, so far as they go. However, I feel that, speaking for my own section of the province and as a result of my own experience, the increase in lending value from 60 to 65 per cent is hardly enough. I think that farmer's land is usually valued quite low. I know the manager of the board in my own province and I think he is very conservative, though he tries to be as generous as the regulations will permit. On the other hand, like a banker he is going to take no chances of showing any losses to his head office. On several occasions the local valuator or assessing officer, whichever you wish to call him, has been inclined to follow municipal assessments. In my particular area the assessments run very close to 50 or 60 per cent of the valuation.

Recent reports show that there is not too much advantage taken of this act. The reason is that farmers find the value placed on their farms does not bear any relation to the selling value. I feel that the manager of the board in my province is doing the right thing under the provisions of the act, but I do feel you should give him more latitude. I feel that an increase of 5 per cent, from 60 to 65 per cent, in the lending value is not enough.

I agree with the hon. member who suggested it should be raised to 75 per cent. I do not think you will find, under management such as we have had in my province, that you will have any losses if you permit

the manager to make loans on a valuation of 75 per cent. I know that some applications have been turned down, and rightly so, but I do feel some consideration should be given to the family farm unit, as one hon. member put it. I think it is important to help a young man get started in order to keep him on that family farm. I should like the committee to take into consideration increasing the lending value from 60 to 75 per cent.

I feel that it was a good thing to cut out the second mortgage. So far as the interest rate is concerned, it does seem high. Again, I believe this committee will look into that and if there is any justification, if the handling and administrative costs call for a rate of 5 per cent, I know that my people would not have any serious objection. What they really need is a place to go and get money when they need it. Today, with so many people investing in bonds and stocks which are so much easier for older people to handle and which give a secure return on a certain date, people are getting away from lending on mortgages. In my part of the province at least a farmer cannot go out as he used to do and borrow from his neighbour or some retired man who had a few thousand dollars. He has to depend on this loan board.

There is another unfortunate circumstance about which I do not think we can do very much. Many of our farmers will apply for this loan in the fall of the year, and of course you cannot have an inspection while the snow is on the ground. I do not suppose this difficulty can be overcome, but it means the farmer cannot get any money until spring. Often he has to dispose of assets at sacrifice prices in order to carry on until spring when he can have the place inspected and get a loan.

It looks as though this problem is difficult to overcome. However, in my particular area I think the inspector is generally quite familiar with most of the farms in the territory. I know that in several cases, if he were permitted, he could make just about as good a report on that place during the winter with the snow on the ground as he could when the snow has gone. I am asking, however, that the committee look into this matter. One thing I do feel like pressing for in behalf of my people is that the provisions of the act do not give sufficient latitude to the local manager in making loans. They hold him down to a valuation which is equivalent to a small part of the actual selling price of the place.

Mr. C. E. Bennett (Grey North): I just want to comment very briefly on this bill. The Canadian Farm Loan Act has not been used to any appreciable extent in my district, but I think it will become increasingly important in the next two or three years because the sources of first mortgage money on farms have been drying up. About five or six years ago we could get first mortgage money on farms from loan companies and individuals. These people are now finding more attractive investments, and I suppose that results partly from the fact the farmer's real income is down. I believe, therefore, the Canadian Farm Loan Act will be used to a greater extent in Ontario in the next few years.

I was glad to see that the percentage ratio of the lending value has been increased to 65 per cent. All in all this act has been administered effectively and well. If I were to offer any critical comment on the administration of the act, I would say that the appraisers have been rather conservative in making their appraisals. I hope that under the new amendments the appraisers will take the full market value of the farm and then apply the 65 per cent.

If I were to say anything else that could be construed as critical, I would say I do think it takes a long time to process the applications under this act. I know there are reasons for these delays. Sometimes it is the lawyers searching the titles; sometimes it is the appraiser being slow getting on the scene; sometimes it is the applicant himself. I wish though that the parliamentary assistant to the Minister of Finance would discuss the matter with the chairman of the Canadian farm loan board to see whether these loans can be speeded up. The fact is that one can get a loan much quicker through a trust company or an insurance company than under the Canadian Farm Loan Board Act.

Like previous speakers, I am glad that chattel mortgages and second mortgages are being eliminated. I do not believe they served any useful purpose. From the federal point of view I think all of us want to help the farmer, particularly the farmer whose real income is down. Sometimes from that federal point of view we are limited in the way in which we can help the farmer. The Canadian Farm Loan Board Act and legislation such as the Farm Improvement Loans Act constitute a way in which we can offer real help to the farmer, and therefore I welcome the amendments to this act. I welcome the fact that the legislation is being widened and liberalized and I say to the parliamentary assistant, I hope this act will be interpreted and administered in a generous and liberal way.

Mr. Charles Yuill (Jasper-Edson): I think we in this group are very much in favour of this bill. However, there are aspects of it which do not appeal to me as the bill in

general does. I refer, of course, to section 6. The proposed amendment provides that loans may be made up to 65 per cent of the value of the land, with a maximum loan of $15,000. I come from a part of Alberta where the assessment on the land is at a very low level. It is a new area. The assessed value is perhaps equal to only about 30 per cent of the true sale value of that same property today. The result is, it makes it very difficult for worthy farmers to participate in these loans.

Mr. Benidickson: I think my hon. friend is under a misapprehension. The board sends out an appraiser to establish its own appraisement. The assessment of the property does not govern.

Mr. Yuill: I am sorry to contradict the parliamentary assistant. What I say is so. They use the municipal assessed value as the yardstick of values. I know that has applied to several loans I tried to have established.

I believe this will work very well in areas where the assessment is perhaps at its normal level. I do not think it will work any hardship there, because they will get a closer relationship to its true value than they get under conditions which exist in my particular area. Consideration could be given to the idea of having those loans geared to the true value. I do not mean the inflated sales value but the real sales value of the property. This would be much fairer in the administration of this legislation.

Another thing seems to be uppermost in the minds of the members of the administration who are responsible for appraising these loans. It seems obvious to me that they have the feeling that if you owe $100 in arrears of taxes it is a greater sin than if you owe $100 in some other legitimate debt. I have found that they frown on anyone who happens to be in arrears of taxes. Arrears of taxes should be given every consideration in their true perspective, but they should not be the reason a loan is denied. Emphasis should not be placed on this particular phase of the current debt.

In the main this is a wonderful thing. It is certainly going to be a boon to the farmers in my constituency. The availability of more money, with some of the other restrictions taken off, is certainly a step in the right direction. In all sincerity I would ask those in charge of the administration to take a little more realistic and kindly look at the financial ability of those people who merit a loan in the first place. I do not think it is fair to say that when a property is assessed at 30 per cent of its sale value and a credit of only 65 per cent is given, a very realistic view of the matter is being taken. I would urge that special consideration be given to granting 65 per cent of the sale value rather than the estimated assessed value in areas where the assessment is away down, and perhaps below cost.

Mr. H. P. Mang (Qu'Appelle): I should like to express my pleasure to the government for introducing Bill No. 84, to amend the Canadian Farm Loan Act. It is the third bill brought in this session of particular interest to agriculture. Bill No. 82 and Bill No. 83 have already received royal assent, and this legislation now before the house will, I hope, be speedily passed so that it may become operative at the earliest possible moment.

The proposed amendments are important because they should give the act a wider application and, therefore, make it more useful. As has already been emphasized by previous speakers, the need for long-term credit facilities is becoming increasingly more necessary. This is so for various reasons. First is the fact that farm mechanization has brought about a higher level of capital requirements for efficient operation of the farm unit.

To illustrate, it is only as recently as 30 years ago, back in 1925, that the power on Saskatchewan farms was supplied practically entirely by horses. Only one in every 45 farms was powered by the tractor. When horses were used the natural increase supplied adequate power to operate a farm, with little cash outlay. The grain and hay used by the horses supplied the fuel requirements necessary to till the soil and to take off the crop. While it is true that this part of the farm operation had a cash value, nevertheless it did not require a cash outlay immediately. The actual power was produced on the farm itself without the cash outlay.

Today there are no horses, and tractor power requires a fuel which necessitates an outlay of dollars. In other words the cash requirements of the farmer are intensified. That is one reason inability to market a crop immediately after harvest causes a cash shortage. This matter has been discussed at length in the house very recently, and there is no advantage in labouring the point any further.

The requirement for a heavy immediate cash outlay in the operation of a farm is such that the need for flexible long-term credit machinery is imperative. In years gone by a larger proportion of the cash return from crops could be applied to the financing and repayment of any mortgage indebtedness. Today, due in great part to mechanization, the greater part of a year's production must go into current operating expenses.

In a production area such as the western plains the crop fluctuations are sometimes fantastic. The fluctuation in Saskatchewan has been from a low level of 2·7 bushels per acre in 1937 to a high level of 26·5 bushels per acre in 1952. Taking the year 1954 as compared with 1955, the 1955 crop was practically twice the yield of 1954. It is this instability of production with the accompanying instability of cash returns, together with the rapid trend toward intensified mechanization, which emphasizes the merit of amending the Canadian farm loan legislation. More than ever this medium must provide long-term credit at the present time.

The second necessity for widening the application of the act stems from the problem confronting the young man who wants to go into farming and build a home of his own. In the vast majority of cases the parents have been operating the farm for the past 40 years or so. Most of the equity of the farm, if not all of it, is tied up in land and machinery. The son or sons who wish to take over have not the funds to buy out the parents, so of necessity there must continue a joint operation.

What the young man of today wants is to obtain enough cash so the parents can retire to the nearby village or town. In most cases he has already invested his lifetime of work in that farm. Where the working together of the son and the parents on the same farm is possible it is a highly satisfactory arrangement and provides for a happy continuity of the farm operation, but in many cases this is neither a practical nor a happy arrangement. The parents wish to remain independent of the young farmer and his wife, and the young farmer wants to build a home for himself and his wife and wants to live independently. This act, with the present proposed amendments, if applied in the proper spirit can do much to build morale and preserve the independence of spirit and contentment of both the parents and the young farmer who carries on.

The third angle I wish to stress is of a more local nature, yet has a fairly wide application in Saskatchewan and in Manitoba as well, I believe, due to circumstances which have arisen during the last four years of heavy rainfall. Some areas of the province of Saskatchewan have been particularly hard hit by flooding. The flooding of farm lands is a serious matter in the eastern part of my own constituency as well. Individual farms have been flooded for two, three or four years in succession, and there are prospects of another flood this year. Not only has it been impossible to seed these individual farm units, but in these areas pasture lands have been rendered useless. In these areas cattle as well as grain are part of the farm production. Hay lands have been flooded and cattle holdings have had to be reduced.

For farmers in such a position it is an individual tragedy and a financial disaster which wrecks the hopes and aspirations of a lifetime. Taxes, living costs and general expenses are rapidly putting some people in a hopeless financial position and sentencing them to a hopeless and unhappy future. The tragedy of this situation is that a neighbour, whose land is of such elevation that it is not flooded, is reaping a harvest and raising stock. This destroys the morale of his less fortunate neighbour.

I have had personal experience with the situation I am describing, because on my own farm last year 25 per cent of my cultivated acreage did not see an implement. My immediate neighbours got a crop and I got the water which ran off their land. Over half the rural municipalities in my area have many individuals in this condition. In some cases besides losing their hay land the farmers have seeded less than 10 per cent of their cultivated acreage for the past several years, and the prospect for this year is not too good.

The Canadian Farm Loan Act properly applied, with the present amendments, is the medium through which people in this position can be helped to survive and be rehabilitated. Indeed it is their only hope. Our Canadian farm economy on the prairies must have policies based on a long-term view because of the factors of instability due to weather and price. This act at the present time is the only act which provides machinery to assist in this stabilization for the farmer afflicted with flooding. The farmers in the position I have just dealt with cannot be rehabilitated under any other measure, either provincial or federal.

The hon. member for Moose Jaw-Lake Centre pointed out the other day that the provincial laws in Saskatchewan have been so designed as to preclude the free extending of credit by mortgage companies or private individuals. Indeed, the purchase of land today is practically on a cash basis. P.F.R.A., a federal agency, is not designed to meet the situation, nor is P.F.A.A. in its present form.

Mr. McCullough (Moose Mountain): Mr. Speaker—

Mr. Mang: Just a minute. You have talked quite a bit today. The amended Canadian Farm Loan Act is the only agency capable of filling the present need. However much I welcome the present amendments I cannot refrain, however, from making a few comments which in my view could make the act more useful and effective.

Had I the drafting of the amendments at my command, I would have raised the figure

to 75 per cent of the appraised value instead of 65 per cent. Also I would have included specific provisions for flexibility of repayment, offering, for example, a discount for prepayment of yearly instalments during good years. This act, like every other enactment, meets its final test in its application. My experience with the operations of the act has proven to me that its application requires closer personal attention.

Hon. members from Saskatchewan will recall that year after year we have seen news items in the Saskatchewan press to the effect that the board in Saskatchewan has not lost one dollar on its operations. I have had considerable experience with the board, and I am not surprised at this record. While the board has been fair in relation to the mortgage basis of its operations, anyone who has attempted to obtain or has been successful in obtaining a loan knows it is quite unlikely that the board will lose money.

My own view is that the Canadian farm loan board should administer the act, as it is being amended by the present bill, in the same spirit, for example, as the Veterans' Land Act. That would personalize the application of the act, and I believe that is what is needed. There need be no fear of unbusinesslike loans or severe losses. Under the Veterans' Land Act personal visits are made by the field staff, not solely for the purpose of collecting money but to assist the young farmer by way of advice and suggestions. The supervision is of a personal nature, and contacts are maintained throughout the period of the operation under that law. If the farm loan staff were increased with good public relations personnel, who could also be the appraisers, if you will, a great service could be rendered to both the borrower and the lender under this act with its new amendments.

I shall be watching the operations of the board under the new amendments very closely. I am confident that it will play a great and important part in the realistic farm program of the government, which has done so much throughout the years to stabilize agriculture, particularly during the last two decades. I apologize, Mr. Speaker, for keeping so close to my notes; this is the first time that I have adhered so closely to my text.

Mr. McCullough (Moose Mountain): I rise on a point of privilege. The hon. member stated that the province of Saskatchewan has legislation prohibiting the making of loans on farms. That is incorrect. He may be confused. Rather we have the farm security act, which provides security to the farm owner of a quarter section—

Mr. Mang: Just to keep the record straight, of which I am very fond, I wish to say that I did not say "prohibited".

Mr. Deputy Speaker: Order. The point of order raised by the hon. member for Moose Mountain was not a true question of order or privilege, in my opinion. On the other hand, the hon. member for Qu'Appelle had taken his seat and is not allowed to speak again.

Mr. H. W. Herridge (Kootenay West): I had a few words to say on this question during the resolution stage, but I do not apologize for rising again to re-emphasize one or two points I mentioned then, because this legislation is of considerable importance to a number of my farmer constituents.

I must say in the first instance that we welcome the legislation. Throughout the years the act has been of great advantage to many Canadian farmers, and this bill is some improvement. But I wish to re-emphasize three or four criticisms of the amendment itself and suggestions to the administration.

Again I say I cannot understand, after the experience with agricultural credit in the older countries and in view of the soundness of loaning money at 3 per cent, why our farmers are required to pay the present rate of interest. If there is any group of people in Canada who should receive money at something approaching cost, it is our farmers. I hope that when this bill goes before the committee the members of that committee will pay some attention to representations made in the house in connection with that matter.

Mr. Benidickson: It costs the government more than 3 per cent to borrow.

Mr. Herridge: I question that. I think this money could be provided at 3 per cent, particularly if we use the machinery we have in the Bank of Canada. I notice there is an increase in the percentage of loan that can be given on the appraised value of the property. That is an improvement. I think the amount could have been raised as high as 80 per cent, according to the representations of the Canadian Federation of Agriculture.

Another point that is of interest to the federation is its recommendation for regional advisory committees. I am very much taken with that, because it is a practice that has been established in Great Britain, not only in connection with the advancing of credit but even in the operation of farms, marketing and a good number of other things connected with farming in general. I think it is

very necessary, because there is a tendency for the board not to be in close contact with the farmers concerned and the particular areas concerned.

I agree with what the hon. member for Qu'Appelle said with respect to the administration of the Veterans' Land Act. I find there is a considerable difference in the personal touch as between officials of the Canadian farm loan board and officials of the Veterans' Land Act administration who pay periodic visits to a farmer after the veteran has been settled and has received his loan. Under the present circumstances, because of the lack of knowledge of the local land and circumstances, and sometimes complete lack of knowledge of the capacity of the farmer who is seeking to borrow the money, there are frequently unnecessary rejections of applications for loans.

I wish to illustrate that in two ways. Since the last war a man in my constituency of Kootenay West asked for a loan from the Canadian farm loan board. He was an experienced man who had been operating a farm some 25 or 35 miles south of that point. In this case I understand the application was rejected because they had no confidence in the capacity of the land to produce. It was rejected because they had not sufficient knowledge of the land and the local circumstances. That man managed to get along without a loan. Today he has a very successful operation and a large herd of beef cattle, and I think the farm would be worth in the neighbourhood of $35,000 or $40,000. That man has accomplished that since going on to that land in the last 11 years.

Then I have personal knowledge of loans being rejected because the board's officials did not have sufficient knowledge of the capacity of the farmer applying for the loan. In one particular instance there was a well known rancher in my district who was formerly an officer in the Indian army. When you spoke to him you would not be impressed with his knowledge of agricultural affairs but, as a matter of fact, he was known by his neighbours to be a very shrewd and capable man who soon picked up the art of farming. Anyway, he applied for a loan and was rejected; and it was purely on that account. I can understand that being done without the knowledge of the man himself. I remember one occasion when he first started farming. He purchased 200 day-old chicks and got sitting hens to mother them. After about two weeks half of them had died. He sent for the poultry commissioner for the district, and I can remember the poultry commissioner discussing them with him. He asked, "Did you do this?" "Yes". He asked, "Did you do that?" "Yes". He asked, "What are you feeding them?" The man replied, "You silly ass; doesn't the mother feed them?" Because of that man's attitude and his lack of knowledge, his loan was rejected.

I can remember quite well another gentleman causing my wife considerable concern by arriving at our home when I was away and wanting my wife to attend to a certain matter. My wife suggested he tell her all about it. He said, "I try to be a gentleman, and I don't want to discuss a barnyard scandal with a lady". Anyway, he finally did. He asked my wife to go and gather up one of our white barn roosters because it was an abominably licentious fellow. Anyway, I mention this because I know one or two cases like that where keen, capable-minded persons were turned down because the officials made a shallow assessment of the man's ability.

If there had been a regional advisory committee that would not have happened in either case. A regional advisory committee selected from the local farmers' institutes, the locals of the B. C. federation of agriculture or from the locals of the British Columbia fruit growers' association would have known the circumstances concerning the land, and would have known the capacity of the individuals concerned. I think that is an excellent recommendation on the part of the federation of agriculture.

I also think something more should be done to promote a better knowledge of the act among the farming population generally, and to increase the business done. Instead of the officials making, as they do in British Columbia, a hurried trip into the interior to visit a farmer who has made an application, stopping at a hotel overnight and returning to New Westminster the next day, I suggest that they would be well advised to take the opportunity whenever possible to address meetings of farmers' institutes, locals of the B. C. federation of agriculture, even locals of women's institutes. Women are interested in these questions, and we have quite a number of women who are successful as poultry farmers. Incidentally, when applications for loans are made I think there should be no distinction as between men and women. By following such a course the officials would acquire a knowledge of local conditions, they would get in touch with the farmers themselves, and they would get a much better knowledge of the land and circumstances generally.

Finally, I suggest again that there should be a decentralization of the administration. In a province as large as British Columbia,

a growing province where we want agriculture to expand to meet the growing needs of industry, it is not good enough merely to have an office in New Westminster. As I said before, in my opinion there should be at least one official permanently stationed in the southern interior and one in central British Columbia, in addition to the present office in New Westminster.

That is all I am going to say at this time. When the members of the committee are discussing and studying the bill I hope they will pay some attention to the various suggestions that have been made by members on both sides of the house who speak with some knowledge of the needs of their constituents, the requirements of the farmers and the deficiencies in the act at the present time.

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, my remarks will be very brief. It is the consensus of opinion of the farmers in my area that there exists an unnecessary lack of co-operation on the part of the farm loan board, and while we welcome the many improvements we find them insufficient. The delays are unnecessarily long in the processing of loan applications. The impression is given our farmers that unwarranted excuses are made to delay the inspection of applications. For this reason there is little need to wonder why so much bitterness sometimes crops up toward the farm loan board in my area. Instead of showing a spirit of helpfulness and co-operation with our farmers, some officials of the board are permitted to give the impression that every obstacle must be put in the way of our farmers when applying for a loan.

In my area there is some evidence of discrimination by farm loan board officials against our French-speaking farmers. French-speaking personnel should be employed and made available, and the farmers of my area should be in a position to deal with the board in their own language. This is a right which is being denied many farmers in my area. I have in my riding thousands of families who speak no English, and they insist on their right to deal with government agencies in their own language.

Interest rates are unnecessarily high. The same observation applies here that applies to interest rates in the case of Central Mortgage and Housing Corporation. Over the years very few of our farmers in northern New Brunswick have been able to have their applications for loans from the farm loan board approved. As a result of all these factors I have mentioned, our farmers have thrown up their hands and do not go near the farm loan board because they all feel it is useless to do so. Therefore I suggest that the procedure and the machinery for the processing of loans should be made more simple, and that facilities should be provided so that our French-speaking farmers can deal with the farm loan board in their own language.

The farm loan board should change their attitude of making loans hard to get, and adopt an attitude of co-operation and helpfulness toward our farmers. The restrictions should also be altered so as to make loans available to young farmers starting out. Loans should also be made available for operating costs over lean periods to help, for instance, our potato farmers who happen to be in their third year of very great hardship. The farm loan board in my area has a history of half service and lip service. It has never been an effective help to our farmers, and it has always been a case of too little and too late. A complete over-all shake-up is, in our opinion, long overdue in the farm loan board, as in so many other government agencies.

A whole new system of assessing the worth of properties should be adopted. As the hon. member for Victoria-Carleton and some members on the other side of the house have mentioned, our assessing for farm loan board purposes is often based on municipal assessments, which in my area run to about 50 per cent of the true value of the property. This means that in the long run the loans when finally approved, if ever, come to about 25 per cent of the value of the property. We also feel that the service could be improved by having a farm loan board office in northern New Brunswick.

Mr. Irvin Studer (Swift Current-Maple Creek): Mr. Speaker, a subject of this kind is of interest not only to farmers but also to all of the people of Canada. Because there are a great number of farmers and a great amount of money is involved, to the extent of nearly a billion dollars, no subject is of more vital and fundamental interest. The amendment of the legislation affecting the Canadian farm loan board is, in my opinion, one more instance of the government's advanced legislation on behalf of the farmers. It is the result of many years of experience, not only federal government experience but provincial government as well, because hon. members will recall that back in 1917 the province of Saskatchewan instituted a Saskatchewan provincial farm loan board. That board only operated until 1923.

Having profited from that experience, having determined what that board did not accomplish and determined to compensate for the lack of accomplishment and to profit

from the experience gained thereby, the federal government introduced legislation in 1927 to set up the Canadian farm loan board. I think we should dwell for a moment on what was the cause of the inefficiency, if we can call it that, of former farm loan boards.

I have here the report of the royal commission on agriculture and rural life in the province of Saskatchewan, which deals with the reasons why the Saskatchewan farm loan board of former years was not as effective as it might have been. I mention this because there is a demand among members that the interest rate should be reduced. We are all agreed that we want the lowest rate of interest possible, but not so low that it will defeat the purpose of the loan. The conclusion of the Saskatchewan royal commission on agriculture and rural life, as found on page 13 of their report, is as follows:

> The Saskatchewan farm loan board was a useful but ineffective attempt to provide long-term credit to farmers on a provincial basis. Reasons for the failure of the board include: inefficient administration, interest rates too low to meet the costs of administration and of borrowing, difficult economic conditions of the 1930's and inability to spread loans over a larger risk area.

As a result of the experience of those years and with the discontinuance of the Saskatchewan farm loan board—the demise of it, it could be called—the federal government appointed individuals to gather the experience of all countries in the world with regard to farm loans. As a result of that experience, including the experience of the United States as well as that of every other country, the present Canadian farm loan board was originated and brought into existence in 1927 and became operative in 1929. Up to the present time it has lent nearly $1 billion. Hence this government, as the result of the wisdom of former people, has inaugurated a system under which it has assisted and extended credit to a great number of farmers and at the present time is extending those credits and those benefits to a larger number of farmers.

There have been some reasons mentioned as to why it is becoming more and more necessary to have government loans to farmers. There are several reasons. One among them is that private lenders are not lending the same moneys that were formerly lent, particularly in western Canada. I have before me here a brief submitted by Sol. Sinclair who is professor of agricultural economics at the University of Manitoba, who is a master of science and a doctor of philosophy. I think he was appointed by the Manitoba federation of agriculture and co-operation. The brief is entitled "Government action for long term credit for farmers in western Canada". This is a recent brief, being dated January 19, 1955. He gives instances of the situation in regard to private centralized lenders that were formerly and are still in operation in western Canada particularly, but to a much lesser extent than formerly. He says that the decline in loaning set in mostly from 1947. He mentions that the decline has been continuous, and is especially marked for Saskatchewan. Then he says:

> For example, in 1947, holdings—

That is private lenders' holdings in the province of Saskatchewan.

> —in that province were $30,185,000.

That was in 1947.

> In 1953, they had declined to $8,125,000.

Or in other words their lendings declined.

> In Alberta and Manitoba, the decline, while evident, was not as drastic. For example, the 1947 holdings of these companies in Manitoba amounted to $7,297,000 and in 1953, they were $5,362,000.

That indicates what the private, centralized lenders think of the situation throughout that particular area. But here is a conclusion at which this professor arrives. At the end of that particular column he mentions the reason for the decline. He says:

> This is due to the restrictive legislation relative to farm mortgages and their collection that exists in these two latter provinces.

The reference is to Saskatchewan and Alberta. That is not my opinion. It is the opinion of a professor of economics. If that is the situation, then we should do something throughout these provinces to remove those detrimental effects upon the lending that could be in evidence were that restrictive legislation not in existence.

In Saskatchewan we have some acts on the statute books. I do not wish to prolong this debate, but we wonder why the legislation is not used. Here we have the farm loan enabling act, which is chapter 209 of the revised statutes of Saskatchewan, 1953. It reads as follows:

> An act to facilitate the operation in Saskatchewan of the Canadian Farm Loan Act.

This is what it does:

> This act allows the provincial treasurer to subscribe to the capital stock of the Canadian farm loan board, sets up the provincial farm loan board to make loans directly to farmers or to co-operative and colonization societies and, in general, implements and supplements the Canadian Farm Loan Act.

I wish someone would outline to me what benefit this act has been to the farmers of Saskatchewan, if it has been operative.

Mr. Johnson (Kindersley): Would the hon. member permit a question?

Mr. Studer: The fact is that it has not been operative. If there is any government in Canada that should have the interests of the farmer at heart, it should be the Saskatchewan government. They are empowered under this permissive legislation to enable the farmers to take advantage of what the federal government is endeavouring to supply, and they in turn guarantee in effect what the provincial government may put into operation in Saskatchewan, learning from the experience of the past, learning from their own omissions, and thereby providing intermediate credit to the farmers of Saskatchewan, young and old, as the case may be.

One of the greatest reasons I think for the non-granting of loans in my part of Saskatchewan, which is the southwest area, is the fact that the land is poor in many instances. Over a period of years the land has not enjoyed the yield or the natural blessings that ordinary or normal land, we might call it, throughout the country has enjoyed. As a result of that fact, all lending institutions may be more hesitant in lending there than they would otherwise be. It is not a case of the farmer not being worthy. It is a case of the non-yield of the land over a period of years.

My understanding is that wherever land has come under the benefit of the Prairie Farm Assistance Act, the crop failure act, for a period of 10 to 12 years successively, that is land on which anyone might be hesitant to lend money. After all, the only way in which the land can repay the loan is through its yield, or in other words through its productiveness. I believe that more than the ability of the farmer, the land or the economic unit is the fundamental basis on which the money is lent. If we could devise an institution that will lend money to everyone, regardless of that situation, I think all of us would be happy. Unfortunately that has not been in evidence. If the province would just fulfil some of its obligations, perhaps they would be willing to take care of this marginal situation whereby the people of Saskatchewan would be primarily interested, and it would not affect all of the people all across Canada.

As was mentioned by the hon. member for Qu'Appelle the young farmer now is obliged to pay cash or close to cash. That seems to be the demand. In former years it was possible to sell land under almost any long term of repayment, but in recent years or during the past 10 years that situation seems to have disappeared, and people wishing to sell their land demand that more of a cash payment be made, if not an entire cash payment, for various reasons, some of which may be the same as those indicated here in this brief to the Manitoba federation of agriculture by the professor of economics of the University of Manitoba.

I wish to extend the benefits, as does this government, to everyone who can in the least manner qualify. I think we must recognize the humanitarian sentiments of those people who live close to the soil, those people who wish to produce the necessities of life for the great number of people that are now in existence and will be in existence. They have humanitarian motives in endeavouring to provide the food for the masses. I do not think that our government institutions will be any less humanitarian in giving them proper consideration in connection with their right to a loan. I appreciate the efforts of all governments, provincial and federal, that may assist the farmers of Canada.

Mr. Hayden Stanton (Leeds): Mr. Speaker, I am sure the farmers of Canada appreciate the fact that the farm loan act is being amended, through Bill No. 84, so it will more fully meet the needs of the farmers. But I feel that the farm loan act should be geared to meet more adequately the needs of the borrower, and should be administered with a more sympathetic understanding in the same way the Veterans' Land Act is administered. At the present time farmers of Canada are seriously in need of farm loans in order that the small size family farm may be restored to the position it rightly occupies within our agricultural economy. I believe that is why the small size family farm is fast disappearing. The young man cannot borrow an adequate amount of money to enable him to purchase the farm and continue his farming activities.

This may be attributed to three reasons. I can well remember that in most localities one was able to borrow money on farms. At the present time the lenders of money are looking for more attractive investments. The second reason is that elderly people who used to lend money are placing their money in stocks and government bonds. A few years ago an aged farmer could sell his farm and take the mortgage on that farm. Today it is impossible for him to do that because he would have to have a good sized farm in order to realize sufficient cash to purchase a residence in a town or village. It is necessary for him to receive almost the total amount of the purchase price of the farm in order that he may obtain a home for the remainder of his days.

I believe the size of the loans should be increased from $15,000 to $20,000. As we know, today farms throughout this country are on a much larger scale than they were. It is necessary, therefore, to have a larger down payment in order to purchase that

larger farm. I find that the grievance throughout eastern Ontario, and I believe it is general throughout Canada, is that there is too wide a differential between the amount of loan that can be obtained through Central Mortgage and Housing Corporation, and the amount that can be obtained through the farm loan board. I should like to give an illustration of that. A farmer may have three sons, two of whom may be working in industry for three or four years. The other boy is at home on the farm. The two who have been working in industry perhaps have saved $1,000 or $1,500. One of these boys is content to continue working in the town, but he wishes to build himself a home. He is able to do that through Central Mortgage and Housing Corporation and he can acquire a $10,000 home with a down payment of $1,000. The other boy may cherish the idea of going back on the farm. What does he find? In order to purchase a farm valued at $10,000 it is necessary for him to acquire enough money to equip that farm with machinery and cattle and still have $3,500 for a down payment.

This hardly seems fair. I hope when this bill goes to the committee for further consideration, the maximum amount of the loan will be raised to at least 75 per cent of the appraised value of the farm. When we speak about appraised value, it should be noted that appraisers are very careful and set a very moderate valuation. Generally speaking, the appraised value of the farm is somewhere near the assessed value, and that is nowhere near the actual sale value. I say that the 65 per cent of the appraised value mentioned in this bill means actually only 40 per cent or 50 per cent of the sale value. When this bill goes to the committee I hope it will be amended so it will meet the needs of the young men who are contemplating buying farms in the next few years. I was rather amused to hear the hon. member for Grey North (Mr. Bennett) make the statement today that the farmers of Canada were in need of help through farm loans, and that their income is not as good as it has been in the past few years. He is the first member on the government side of the house whom I have heard admit that. With those few rambling remarks, Mr. Speaker, I may say I hope the bill will get further consideration when it goes to the committee and is brought back to the house for third reading.

Mr. H. A. Bryson (Humboldt-Melfort): I am very glad to have the opportunity of rising to support, in part at least, the proposed amendments to the Canadian Farm Loan Act. The part, of course, with which I am in agreement is the same as that with which other members have agreed, the part dealing with second mortgages. I feel it is a good thing that section of the act has been deleted. It has been a stumbling block on a good many occasions. As everyone knows, a chattel mortgage ties up the borrower's power to make further borrowings and for that reason has restricted the operations of farmers who have used both sections of the act.

In so far as the part dealing with the maximum amount of loan is concerned, I feel that will not materially add to the usefulness of the act. I feel it is important the government has seen fit to bring these amendments before the house and thus have what has turned out to be a very useful discussion on this particular piece of legislation. This indicates to me the government's awareness that the Canadian Farm Loan Act has not lived up to the hopes the government had for it. I think the figures placed on *Hansard* this afternoon seem to bear out that belief. When we realize that after 26 years of operation the farm loan board has loaned something less than $100 million to Canadian farmers, I think that points to the fact that in many ways the act proves to be inadequate. However, I think it is important to realize that these amendments prove quite conclusively the government has failed to understand exactly what the problem is. We have seen the maximum amount raised on a former occasion, and apparently that was not the answer; otherwise what is being proposed today would in all probability not be considered as a major part of this amendment. We must go a lot farther in considering what is necessary in this country in so far as agriculture is concerned when we talk about farm credit. I do not propose to speak for the eastern farmer but I do feel that in western Canada we have a problem which must be solved if we are to do something for Canadian agriculture.

I know we have been criticized in this house for talking about the surplus of wheat, for growing too much wheat, and so on. All of us from western Canada realize it is going to be pretty difficult to carry on in the west and grow the tremendous amounts of wheat we are growing and expect to get away with it. We have to make a completely new assessment of the whole western picture in so far as agriculture is concerned. I believe one of the ways in which that can be done is to bring about some kind of a comprehensive policy with regard to farm credit. We have to assess the situation in respect of a pattern of land tenure in western Canada. We have to make up our minds on the pattern of land tenure we are prepared to assist by way of a government loan. In this connection, there are two schools of thought.

The report made by the royal commission in Saskatchewan has been quoted quite widely in this debate, and I imagine it will be referred to again before the debate is ended. They are sure that this question of credit is a very important one; in fact, one of the greatest problems with which the farmers of western Canada are confronted. As I say, there are two schools of thought on what pattern of land tenure is best, not only for the farmer in western Canada but for Canadian agriculture in general. One school of thought thinks that we should have a large corporation farm which makes for efficient operation. The other school contends that we should support the family type of farm. I am convinced we should not argue in favour of the family farm on the basis of efficiency because I believe there is something else to be considered. In so far as agriculture is concerned, we should consider the family farm as a sound social structure. Therefore, the outcome of all of these investigations, the considered opinion of the people who have carried out this rather exhaustive royal commission investigation, has been to suggest that the family farm is a thing we should try to develop. I believe that any important source of credit that is to be made available to farmers should be based on the assumption that it is going to further the interests of and support the family farm type of land tenure.

At the present time banks and mortgage companies are not an important source of farm credit. While I suppose they have been considered an important source of farm credit in the past, yet I doubt whether they have operated in the interests of agriculture. Because of this, during the last 20 years, and more recently since the war, farmers have tried to devise some method of credit that would augment the types that are available at the present time. When I say that, I mean they have developed the co-operative use of machinery; they have experimented in some parts with co-operative farms; they have set up credit unions, and they have carried on with renting farms. In this modern day and age of mechanized farming none of these seems to be good enough. Therefore, we are up against the proposition that we must develop in this country some sort of credit that is going to be adequate to do the job that is necessary.

There are three categories of farmers who are in dire need of credit. First of all, there is the farmer who is operating what is commonly referred to as an uneconomic unit. He must expand if he is to stay in business. The result is, his financial position is such that it is very difficult for him to borrow money to get enough land to add to his own to make up an economic unit. Because of the fact the farm loan board is rather a cumbersome way of borrowing money there are a great many delays in getting the deal put through. The farmer who has already become well established and has rather large holdings is, by and large, the man who grabs up or buys up those extra parcels of land in every community, which should be available to the man who is trying to operate an uneconomic unit.

Then, we have the next category, the farmer and his son in partnership. As was pointed out this afternoon, I believe by the hon. member for Qu'Appelle (Mr. Mang), in many instances all of the equity that the farmer who is getting on in years has is tied up in the farm and under the terms of this act the son is unable to apply for a loan, and the father is in no position to move off the farm without a very substantial payment to get out of the equity enough money for him to live on for his remaining days.

Then, we have the younger farmer who is just starting up farming. Possibly he is in the most difficult position of all, because it is not too good to start up and be undercapitalized. That is exactly what happens when we have the type of legislation we are dealing with today. Not enough money is forthcoming. I would like to suggest that possibly the Canadian federation of agriculture have come forward with a rather good suggestion when they say that on loans up to $8,000 or $10,000, eighty per cent of the maximum should be forthcoming in those cases, to give the young farmer considerably more money than is called for under this legislation. Therefore, in the west we have the tendency for fewer farmers to get in possession of more and more land, and it has a rather disastrous effect on the whole Canadian economy. The farmers who are dispossessed move into the cities and add to what is already a very serious problem. By and large most of them are unskilled in the different crafts and so they are forced to take whatever labour they can find to do, and add to, as I have said, the already very serious problem with which we are confronted in this country.

I should like to take the province of Saskatchewan as an example and put on the record just what is taking place in connection with the pattern of land tenure in that province. What I am about to put on record was brought out by the royal commission. In every 10-year period 25 per cent of the farmers retire. The commission found out that by and large farmers stay on the land for a period of 40 years. Because they did that we have a 2½ per cent turnover each year, since there are 110,000 farms in the province. Each year there are 4,000 boys in that province

who reach the age of 20 years. Because there is a 25 per cent turnover we have 2,500 farms available each year and 4,000 young men competing for them. This presents a serious problem because the majority of that land is being bought up by men who already have large holdings and are well established and they are developing these holdings into large corporate farms which certainly will be to the detriment of Canadian agriculture in general.

I would hardly make the statement that was made by the hon. member on my left concerning land assessment but I will go so far as to say that it is arrived at in a rather arbitrary manner and I do not think that method is too good.

I believe the act should call for 75 per cent of the maximum of $15,000 being made available. As I mentioned in the first instance, I am glad the second mortgage feature has been removed. I think that is all to the good. I also believe that the repayment should be based on the productivity of the piece of land on which the money has been loaned. In this respect I think the V.L.A. has gone a long way. I would like to see the Farm Improvement Loans Act, the Canadian Farm Loan Act and some of the clauses in the Veterans' Land Act incorporated in one comprehensive credit bill. I think that would eliminate a lot of duplication both in office work and on the part of the field staff.

I would also suggest that much more could be done to safeguard the repayment of loans. I mentioned a moment ago that the credit unions have become an important source of farm credit. It will be argued by some people that the envious record established by the credit unions in Canada so far as repayment of loans is concerned is because the borrower's honesty and integrity is taken into account when loans are made. I know that this is true but nevertheless anyone who has had anything to do with credit unions knows that when loans are made those who make the loan are greatly concerned about the interests of the borrower. I think this policy could be carried out in any comprehensive government credit source for farmers in much the same way.

I think there is no question about it that the people who go out and appraise the land do an excellent job. I have known some of these men personally and as a matter of fact I have gone along with them. They do a good job in assessing the value of the land's productivity. I believe the personnel who are involved in this work should follow it up after the loan is made. I think these men should assist the farmers in seeing that they carry out good agricultural practices and should help them in order to see that their loans will be repaid.

When the bill goes before the select committee I hope some consideration will be given to many of the suggestions which have been made by hon. members during the course of the debate this afternoon. With those few words I conclude, Mr. Speaker.

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, I would just like to take a few minutes to say a few words concerning this act. Any criticism that has been mentioned regarding the act this afternoon has, in the main, been levelled against delays and I am in sympathy with that criticism. One of the reasons for the delay is, I think, because of some of the regulations regarding inspection. I would hope that we could liberalize the terms and regulations to a degree in order that the applications for loans might be processed more rapidly.

Another criticism which I noted in some of the speeches that have been made refers to what I might call the human errors that are made by the appraisers. I am sure that in the main these men are doing the best they can in appraising properties, and again I would hope that they could liberalize their appraisals of the properties.

I heard the suggestion made by the hon. member for Moose Mountain (Mr. McCullough) and by the hon. member who has just taken his seat to the effect that the inspectors should give technical information to farmers to whom loans have been made. I am sure that I would not want our inspectors to go about giving that type of information to the farmers because we have experimental farms, both provincial and federal, which can give excellent advice. These farms employ specialists in soils and farming practices. If an experimental farm is not close to the area where a loan is being made I would suggest that the agricultural representatives can and do assist farmers in problems of this nature. Because of the proximity of the agricultural representatives I feel that they can do an excellent job in advising the farmers in whatever locality they might be living.

One other suggestion was made this afternoon by the hon. member for Huron (Mr. Cardiff). He suggested that this act should be termed dominion farm loans limited. He then went on to suggest that the young farmers in Ontario in particular were not getting loans as they should. If any criticism at all should be levelled at government it should be levelled at the junior farmers loan board in Ontario because they can grant loans up to a certain sum to farmers under 35 years of

age. I cannot see why any criticism should be levelled at the federal department here in relation to inefficiency or concerning the fact that junior farmers in Ontario have difficulty in obtaining loans. The junior farmers loan board in Ontario makes loans at 1 per cent less than this act calls for.

The other question I heard mentioned here this afternoon was raised by the hon. member for Leeds (Mr. Stanton), who said that the hon. member for Grey North (Mr. Bennett) was the only hon. member on the opposite side of the house who said there was some lack of purchasing power in the hands of the farmers and that farmers needed assistance. I would suggest that the hon. member for Leeds could not have been in the house on March 13 when the Minister of Agriculture (Mr. Gardiner) spoke. The minister said, as recorded at page 2091 of *Hansard*:

> I have already said in answer to that question that I thought the farmer did require more than he is getting.

The Acting Speaker (Mr. Applewhaite): Order. I am sorry to interrupt the hon. member, but it being five o'clock the house must move to the consideration of private and public bills. In view of the nature of the interruption and the fact that I understand by consent we will have the budget speech this evening, perhaps I could suggest to the hon. member that he move the adjournment of this debate.

Mr. Huffman: I therefore move the adjournment of the debate.

On motion of Mr. Huffman the debate was adjourned.

PRIVATE BILLS

PERSONAL FINANCE COMPANY OF CANADA

Mr. J. E. Lefrançois (Laurier) moved the second reading of Bill No. 160, respecting the Personal Finance Company of Canada.

Some hon. Members: Explain.

Mr. Lefrançois: Mr. Speaker, the bill is relatively simple, as it involves two matters relating to the company: first, the change of its name, and second, an increase in its capital stock.

With respect to the change of name I may say that this company is in effect a wholly-owned subsidiary of Beneficial Finance Company, a company carrying on an extensive business in the small loan field in the United States. Personal Finance Company of Canada when incorporated in 1933 was incorporated as the Discount and Loan Corporation. In 1944 it changed its name to Personal Finance Company of Canada, and now it is considered desirable that the name of the Canadian company be made similar to that of the United States company. Consequently it is proposed that the name should be "Beneficial Finance Company of Canada". The Beneficial company has had and used that name since 1914, and so far as we are able to discover, it is not similar to the name of any other company carrying on business in Canada.

As to the proposed change of capital stock, the presently authorized capital of the company is $1 million, all of which is issued and outstanding. At the time this company was incorporated, most companies of this type obtained authorized capital of $1 million. Now, on account of the amount of business carried on by the company, it is felt that its capital stock, to be consistent, should be increased to $10 million.

As at December 31, 1955, the company had in Canada 171 offices, and had outstanding in loans of $500 or less $18,317,989.27, and $41,934,604.27 in other business. In addition to the outstanding capital stock of $1 million, there was earned surplus of $5,368,571.66, and paid in surplus of $9,350,000.

In the light of these figures, it would seem that there could be no valid objection to the authorized capital being increased as set out in the bill from $1 million to $10 million.

Mr. J. M. Macdonnell (Greenwood): This bill, as I understand it, goes to the banking and commerce committee, and therefore little needs to be said about it at this time. Indeed, I do not know that we would be called upon to say anything about it if it were not that at the present time we are in rather an unusual situation vis-a-vis the United States in respect to the incorporation of companies. We have been reading, to our great surprise, that in several states of the union legislation has been pending to prohibit the entry of a certain Canadian company into the state by reason of the fact that not 51 per cent of its stock was owned in the state. I am glad to be advised today that in at least one of those cases, namely Maryland, the governor has vetoed the bill, and I presume that that ends it as far as that state is concerned. Nevertheless, the situation has arisen and it has raised a good deal of concern in people's minds.

Referring more particularly to this small loans business, it is a fact that one or two large companies almost entirely dominate the field. When we hear of the increase from $1 million to $10 million we realize that the operations of this company are of very large bulk. When we come to the banking and commerce committee, I think it will be relevant to consider these questions.

I wish to say quite frankly that we have reason to be entirely in approval with one

aspect of the record of this company, namely, that it has come for incorporation here to the dominion parliament and has not come around by any side door. It is not merely incorporated under the Companies Act in one of the provinces, as it might have been, so I am informed. It has not come here merely for licensing, but has come here for its incorporation. Therefore we have the chance, particularly in the banking and commerce committee, to consider the whole situation.

The right to incorporate is fairly clear. The right to increase the capital is, I presume, clear. Certain questions arise and should be carefully considered as to just what are the implications of the increase in capital. In one way, of course, it is all to the good. From another point of view, it is the effect of the larger capital in proportion to the amount of earnings that is in the mind of the incorporators, and there is nothing improper in that. If they feel they wish their earnings to be measured against a capital, not of $1 million but of $10 million, which I understand is the new figure, there is nothing improper in that. I am merely pointing out that we have this situation that has arisen. It has arisen, of course, largely because of the fact, which we have noticed in Canada with some concern, that there is a very large increase of United States controlled companies.

It is interesting, in this connection, to refer to the speech made only yesterday by the president of the Canadian Pacific Railway—I think it was at the Canadian Club at Montreal —in which he had one or two interesting things to say. He speaks about Canada's political independence being, of course, a matter that is without question, one that was decided long ago. But he says that there still will be a battle to maintain economic independence. When we consider, as we must consider, the tremendous deficit that we have on our trading account with the United States at the present time, when we consider the very large amount that that means, and that we must receive in some way other than by the shipment of goods, either by borrowing or otherwise, it raises the whole question of United States influence and domination in our country. I hope that the meeting of the banking and commerce committee will be a natural place to discuss this matter, particularly by reason of the legislation still pending in four states of the United States.

Before I take my seat, I should add that I am informed that this is a company of high standing, that its directors are people of high standing and that the officials believe there is no reason whatever in the ordinary routine of matters why the request of the company for the change of name, which I understand is just to conform with the name of the parent company, and for the increase of capital, should not be granted.

Mr. R. R. Knight (Saskatoon): As I have just come from a committee and I find that loans are being discussed in the house, it has occurred to me what interest we seem to be taking in the matters of loans and lending institutions during this session of parliament. If one looks at the order paper one finds evidence of that. The government has on the order paper Bill No. 51 which deals with this matter and has as its purpose the reducing of the interest rate on some loans. I say "some" advisedly because some loans are not affected. I take it we can assume that this legislation will pass because the bill has already received second reading in the house.

Some hon. Members: No.

Mr. Knight: I refer to Bill No. 51, Mr. Speaker. Bill No. 51 has been approved on second reading by the house. It is a restricting bill, a bill restricting the amount of interest which may be charged by such institutions as the Personal Finance Company. Then we had a private member's bill, Bill No. 3, introduced by the hon. member for Assiniboia (Mr. Argue). Then we have Bill No. 160, and there is another such bill on the order paper, Bill No. 166. Altogether we have a lot of bills connected with the lending of money.

I referred to the government legislation, Bill No. 51, which restricts the amount of interest and has already been approved on second reading. It purports to reduce the amount of interest which these companies can legally charge, but I have noticed that for the type of loan most frequently indulged in by these people who borrow from these companies the interest rate is unchanged. I refer to small loans of $300 or less.

In the case of the $500 loan there is a slight reduction, but let me point out that the reduction is very slight. Whereas the legal rate has been 24 per cent per annum or less, as a result of the reduction by statute the rate on a $500 loan will amount to something less than 22 per cent per annum. That is the rate these companies will be allowed to charge for such a loan. I am still of the opinion that the rate of interest is much too high. The record of these companies has been one of very little loss and I doubt very much whether people who borrow $500 temporarily should have to pay as high an interest rate as almost 22 per cent. If my memory serves me right, we were informed in the debate on Bill No. 51 that 72 per cent of small loans made are in these two particular categories,

so that actually 72 per cent of loans are scarcely affected in the matter of an interest reduction by Bill No. 51.

I may have given the impression already, and if I have it is the correct one, that I am not particularly fond of the machinations or methods of conducting business followed by these small loan companies. I was going to say that I have seen too much distress caused by their operations and I think I will stick to the word "caused". Of course, these people are in trouble even before they go to these companies but I think they are in worse trouble after they have finished with them. In other words, only people who are driven by dire poverty, misery or want or who have got themselves into some type of financial trouble patronize these companies. I do not think anybody has ever been very successful in ridding himself of debt by borrowing money, certainly not by following this particular method which usually covers the simple matter of the transfer of one's debts from one place to another place with a greatly increased interest charge.

That brings me to the question of advertising, and I would suggest that the new name this company has chosen is not unconnected with the matter of advertising. The name proposed is "Beneficial". I can see that name blazing in bright lights down Sparks street, on Second avenue in Saskatoon or on some avenue somewhere else. This business of borrowing money is spreading almost like a pestilence and it is a queer comment on our much vaunted prosperity. I made it my business to look in the telephone directory and I found there that in the cities of Ottawa and Hull Personal Finance Company has eight offices open to do business, six in Ottawa and two in Hull. By a strange coincidence Household Finance has exactly the same number, six in Ottawa and two in Hull.

I was talking about the change of name to "Beneficial". Quite frankly, I do not consider that this or any other small loan company is beneficial. It is not even beneficient and it certainly is not benevolent. I mentioned advertising, and actually it was the advertising of these companies which interested me in their operation. It is very noticeable in any advertising you pick up that these companies do not state the amount of interest charged per annum for the use of the money. In fact, I have never seen any advertising in which they have stated the amount of interest. I want to emphasize the words "per annum". Oh no, they do not do that but they advertise that if you will just come along and have a nice little confidential talk with them they will lend you $1,200, let us say, and at the end of the first month you will repay $111, at the end of the second month $111 and so on.

When you come to look the thing over you discover that when you have paid back the amount of the capital you have also paid $132 for the use of $1,200 for one year. Sir, the point I want to make is this. I know there is the old principle of *caveat emptor*, let the buyer beware, but I think we also have some responsibility to see that people who are in pinched circumstances and have to borrow money are afforded some protection. I suggest that the type of people who make these $300 loans and in the circumstances under which they borrow the money are not people who are very capable of picking up such advertising and figuring out the rate of interest they are going to have to pay for that type of loan.

I have talked to sheriffs, I have talked to people who have seen the misery and poverty, who have seen the predicaments into which these people get themselves. The average person who borrows money looks at the $132 and says: "Well, it is costing me $132 for the use of that $1,200, is it not?" Oh yes, but you know the catch in that. On the basis of $11 per month it would appear as if that might be the percentage per annum. To some people it looks like 11 per cent. Some people are not too smart about percentages, and of course they wake up afterwards to the fact that they have been paying not 11 per cent but double that rate. After all, if they repay $100 at the end of the first month and $100 at the end of the second month you can easily figure out how much money they have in the tenth and eleventh months that belongs to the company. Actually they only have the use of $1,200 for one month.

Is there anyone who can deny that statement? What are they paying this $11 for in the ninth, tenth and eleventh months? If you figure it out the rate of interest is a little more than double the amount that it appears to be upon the face of the advertisement. If I had had my way, if I had had anything to do with the bringing in of the government bill No. 51, I would have made a recommendation with regard to these institutions.

Every institution that goes out to advertise that it is in the money lending business should by statute be obliged to declare upon such advertising—not what they are going to pay back at the end of the month; not these rosy things that you see in neon lights down on the main streets in these cities—the amount of interest payable per annum in plain English and arithmetic. Then people would know what were the rates of interest

that they were assuming. But that is the one thing they do not mention. They do not mention anything about rate of interest. They just say, "Come along with your financing troubles to us. We will not ask any questions. We will just give you a certain amount of money and you pay it back so much per annum". I think that is my case for advertising. This advertising is continually deceptive. I have examined a good deal of it.

Another thing is this. There has been a debate in the other place on this particular matter. We are told that most of this capital which is invested in these small companies is foreign capital. One of the gentlemen in the other place said that he was shocked to learn that 83 per cent of the small loans field in Canada is owned and controlled by two foreign corporations. I do not know what the two corporations were; he did not say. He naturally asks, as would I, what is wrong with our Canadian financial institutions if they cannot make some proper provision for people who need money on a short-term basis. These foreign companies are United States companies, I presume, although the senator did not say so; he said they were foreign companies. I do not know, of course, where they get the capital upon which they operate. I do not know, for example, whether they come to Canada, set up their pawn shop or their lending company or whatever it is, borrow Canadian money from our Canadian institutions and then go out and farm it out to those unfortunate people who must have it. I presume the profits of the corporation, if indeed it is United States controlled, will be sent off to the company's country of origin. As I say, I do not know about that matter, but it would be interesting if somebody—the sponsor or someone else—would tell us just what the situation is with regard to it.

As I say, we have come to the change of the name. After all, one might say, "What's in a name?" It intrigues me to notice that the company has already changed its name a time or two. In the bill it is stated that the original name was the Discount and Loan Corporation of Canada and then later it was Personal Finance Company of Canada. I suggest that when one changes his name, he usually has a reason for doing so. I could not hear the sponsor of the bill very well but I think he said that the reason for the change of name is the fact that the original or parent company in the United States had the name "Beneficial" and they wanted to bring the subsidiary into line. I can understand that desire. But I also see some useful purpose in that particular name from the point of view of advertising. As I say, I know nothing against this particular institution. I have nothing whatever against it or any other institution. However, I think that it is a rather unfortunate business that so many people are finding themselves in the position where they are obliged to patronize these particular companies. As I say, I was first of all interested in their operations by this advertising which I think is strictly deceitful and which I think should be governed by statute.

I think that is all I care to say on the matter. I noticed that my friend the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) protested the other day that perhaps we should be a little bit careful in our criticism of these countries, that perhaps we might drive that capital out of the country or that we might stop this flow coming in here so that this money would not be available for the small type of thing. At the risk of being accused of trying to control other peoples' business, may I say this. I think we have some responsibility in sometimes protecting people from themselves. I do not think it is a good element in our social and economic life. As I say, I have not yet noticed anybody being very successful in his ability to borrow himself out of debt.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to say a word on this bill because I take much the same view as does my friend the hon. member for Saskatoon (Mr. Knight) in relation to these loan companies generally. I was here when the small loans bill was before the house some years ago and when we reduced the interest rate from 2½ per cent per month, I think it was, to 2 per cent per month. But that rate of interest is too high. However, that is not the question before the house just now. The question before the house is a bill which proposes to increase the capitalization of this company from $1 million to $10 million and to change the name.

Like my friend the hon. member for Saskatoon, I object to the use of a name which is as deceptive as is the name which this company seeks the right to use. I do not want to be unkind to these companies but if I were suggesting a name for any of these small loans companies charging an interest rate of 2 per cent per month or more for the higher amount loans they sometimes make, I think I would call them predatory loan companies, for such indeed they are. I think it is about time that we passed—as I hope we are going to do—legislation that will exercise some control over this usurious business, for that is what it is.

I notice that Mr. K. R. MacGregor, our superintendent of insurance, in his report on small loans companies and money lenders for the year ended December 31, 1954, has this to say:

In my report last year, I referred to the greatly increased interest being manifested in the small loans business in Canada by established lenders outside Canada, more particularly by those with head offices in the U.S.A. Several of these lenders entered the field during 1954 through provincially-incorporated subsidiary companies and the same trend has continued up to the date of this report.

This report was made on November 1, 1955. Then he goes on to say this:

Another noteworthy trend recently has been the relatively greater expansion of business in the unregulated field of loans made in amounts over $500—

Those are the loans that do not come under the legislation now in effect.

—(herein referred to as "large loans") than in the regulated field of loans of $500 or less (herein referred to as "small loans"). The outstanding balances of small loans at the end of 1954 showed an increase of 15 per cent over the balances at the end of 1952 but the corresponding increase in the outstanding balances of large loans made by licensed lenders during this two-year period was 76 per cent.

Expenses are relatively lighter for larger loans, thus justifying a decreasing rate as the size of the loan increases, yet the present general practice of licensed lenders is to charge the same rate (usually 2 per cent per month, or the equivalent) for large loans as for small loans.

As he says, the expenses of making these larger loans is very much less than the expense of making the small loan, but since they are unregulated they continue to charge at least 2 per cent.

Definite information is not available for unlicensed lenders since they are not required to file annual statements under the act but some of them are reported to be charging more than 2 per cent per month for large loans. The practice of charging 2 per cent per month, or more, for large loans, along with the trend toward expansion of this field, suggests the desirability of considering an extension of the scope of the Small Loans Act so as to apply to loans up to $1,000 or even $1,500 and of reconsidering the maximum permissible charges for all loans.

I believe that is the purpose of Bill No. 51 which was introduced by the government at this session. We are told that 83 per cent of the capital of these companies, at least the ones to which we are referring, is United States capital. This Personal Finance Company is a typical example and I believe is one of the two large companies to which my hon. friend in the other place referred in his talk the other day, the other being the Household Finance Company.

Let us take a look at who the directors of this company are. There is the Beneficial Loan Corporation of Wilmington, Delaware, holding 9,825 shares and the amounts subscribed being $982,500. The amount paid in cash was $982,500. This represents the bulk of the capital of this company. The other directors have merely what is a qualifying capital investment. Of course, they are mainly Canadian. They are the front for this foreign small loans company. They are, L. A. Forsyth, Montreal, Quebec; 25 shares; amount $2,500, paid up; O. W. Caspersen, Andover, New Jersey, 25 shares; $2,500, paid up; W. P. Creagh, Montreal, Quebec, 25 shares; $2,500, paid up; C. S. Richardson, Montreal, Quebec, 25 shares; $2,500, paid up; C. H. Watts, Fort Lauderdale, Florida, 25 shares; $2,500, paid up; C. M. Benadom, Toronto, Ontario, 25 shares; $2,500, paid up; D. K. MacTavish, of this city, 25 shares; $2,500, paid up.

Now, those are the directors and the total amount of paid up capital, with the qualifying amount of the directors, amounts to $1 million. Of this amount $982,500 was paid up by the Beneficial Loan Corporation of Wilmington, Delaware, and $5,000 more paid by two gentlemen in the United States. There is the situation. They come along and say to us that our business is so profitable, our business is so large, that we need another $9 million of capital. Where are they going to get it? Is the Beneficial loan company of Wilmington, Delaware going to put up the additional $9 million? If that additional $9 million is put up, where are they going to get the funds to lend to the Canadian people? I think it is generally known that whatever the capital of these companies may be, and wherever they get it, like this one mainly in the United States, they borrow from the banks of Canada quite large sums of money in order to lend to the Canadian people.

I compliment the Bank of Commerce for going into this business, though it is limited by our bank acts as to the amount of interest that it can charge. Some other banks are doing the same thing. I think we should facilitate our banking institutions going into this business. I think the best form of lending in the country is the credit unions who are charging substantially 1 per cent per month. Of course, the participants in the credit union participate in any profit that may be made. These loan companies advertise, as the hon. member for Saskatoon (Mr. Knight) says, with bright neon lights. Read their tempting advertisements in the newspapers every day. As was remarked in the other place, they are spending millions of dollars in various types of advertising across this country. It is a profitable business being undertaken by foreign usurers coming into this country, borrowing money from our banks and lending it to our Canadian people at high rates of interest. They are draining off the

profits into another country. As I have just indicated in this house by reading the directorate of this company, a paltry amount of capital was subscribed by these Canadian fronts of this Wilmington, Delaware company.

I think, Mr. Speaker, we should refuse to consider this proposition. We should refuse to consider changing this name which will tend to deceive our Canadian people into believing this is something beneficial, something in their interest. We should refuse to waste our time discussing it. I am going to move, seconded by the hon. member for Assiniboia (Mr. Argue):

That the word, "now" be left out and the words "this day six months hence" be added at the end of the question.

Mr. H. R. Argue (Assiniboia): I rise to add my voice to those who are opposing this measure. I agree with those who say there is no advantage, indeed there is a great deal of disadvantage to Canadians, that may be derived from the change in name. The second provision of this bill for the increase of capital stock is wholly unnecessary. I feel it is probably placed in the bill because the company is becoming embarrassed by the very huge profits it shows in its balance sheets from year to year, and relating those profits to the very limited capital now set forth. This would tend to further mislead the public if they wish to relate the profits of the company to the authorized capital for which they are asking a tenfold increase.

This bill, as has already been listed, shows that it has been considered by members of the other place and by the banking and commerce committee of the other place. When I saw that this bill was to be considered by the House of Commons I looked up *Hansard* of the other place to go over the debate that took place there to see what I could learn about this company and about the proposed bill. I found what seemed to me something rather amazing. There was in fact no debate at all. The bill passed first, second and third readings without any debate having taken place. I hasten to say that the bill was considered by the banking and commerce committees of the other place and I do not believe that the hon. gentlemen would go through the bill in a hasty manner. But no minutes were kept by the banking and commerce committee of the other place; no evidence was taken and therefore I was unable to learn anything from a verbatim report of their deliberations as to what they were able to ascertain about this company when the bill was considered.

I do not think that any advantage at all will be derived by the Canadian people from the passage of this bill. As I have been able to study the field, I do not think any advantage will accrue to prospective borrowers or to Canadian citizens generally by any further increase in the number of small loans companies, or in the number of money lenders.

The superintendent of insurance has already made the statement publicly that he was rather concerned about the number of new companies that were going into this field and the expansion of some of the existing companies. It seems to me that since all of these companies follow the practice of charging the maximum interest rate allowed by law, the smaller companies in this field are apt to show a relatively small profit, and in their early years of operations may in fact show an operating loss, and this will be used as an excuse or reason to maintain interest rates at the current very high rate that is now legal. If we leave the field to those that are now in it—and they are making very large profits—they could in fact afford to take a very large reduction in the amount of interest that they may charge their customers. I do not think the ordinary concept of competition applies in this instance, or in the extension of this field to other small loans companies.

As has already been pointed out, this is not a case of Canadians going into this field with Canadian capital. This is not even a case of United States citizens coming into Canada to perform a service with United States capital. The United States citizens and United States corporations who come into this country and develop our natural resources are providing jobs. They are adding to the real wealth production of the country no matter what we may think of their being here as compared with Canadians entering the field. But when the United States citizens come into Canada with very little in the way of United States capital and go to Canadian banks and borrow Canadian money and relend it to Canadians they are in fact, in my opinion, serving no useful purpose whatever. The amount of profit they make is a net loss to our nation, and I can see no reason why they should be encouraged by this type of bill to add to their business, or by other bills to set up new companies.

Of course, they want to change their names. They want to make it appear to the public that they are doing something that is really beneficial to the borrower. They like to appear as though they are giving him a handout, as though they are doing him a huge favour. I suggest that one of the reasons why these companies like to have an attractive name, an appealing name, a misleading name, is the fact that Canadians generally, at least

partly because of the debate in this house and public discussion on this question, are becoming aware of the huge rates that are being charged by those companies, and this is an attempt, by this devious method, to make their business appear more attractive to prospective borrowers. They want to make it appear more respectable. I do not know why we should let them have such a name as "Beneficial" and use it in their advertising, as I say, in a misleading way.

In case hon. members may think I am talking of something about which I know little or nothing, I happen to have in my hand some of the literature that is being used by this company. The first piece of literature I have is a card about the size of a small blotter. It does not say what it is advertising. There is no company attached to it, but I am told on what I consider to be very reliable authority that this is one of the pieces of literature used by the Personal loans company. Here is the heading:

You are my pal!

That is the first thing. They want to get people in to ask for a loan and they say to a prospective customer:

You are my pal!

Well, of course, the prospective customer would be a real pal of the loan company if he came in and obtained more money and paid a very high interest rate. They might better have said, if you take a loan we will place you in the category of others that we consider to be suckers who come and ask for a loan. They go on and say this, after having said "You are my pal!":

That's what your friend, who needs extra cash, will say to you after he has come to us on your recommendation. You and he can depend on our treating him as a real friend, too.

A real friend at 2 per cent a month. I continue:

No obligation to you—but a real service to him. We like to say "yes" to anyone you recommend.

They like to say yes if they can fleece him for 2 per cent a month, but they will say no in a very certain manner if they think there is any risk in fact in making the loan.

Then, the second piece of literature I have —and there is no doubt about it; this in fact is something used by the Personal Finance Company because they have their name attached to it. They give the address of one of their offices in the city of Ottawa. This company must be making some profit. As a matter of fact, I can quote figures to show that it is making a very handsome profit. The report on small loans companies and money lenders for the year ended December 31, 1954, shows that on a total income earned on small loans of $3,769,000 this company made a gross profit of $923,000, or a gross profit of some 25½ per cent on the income earned. They are making a lot of money, and it is no wonder that in this metropolitan area of Ottawa and Hull they have no fewer than eight offices, six in Ottawa and two in Hull.

This piece of literature has this on the cover:

Take this good friend on vacation with you.

Then they say that they are going to have a cash credit account, and they go on to say this:

Take your Beneficial credit card on vacation and be sure you won't run short of cash!

Nobody goes on vacation expecting to run short of cash.

They tell you very confidentially:

Every year, however, thousands do run short due to an emergency like a car breakdown or some unforseen expense.

When you carry your credit card, these money emergencies needn't bother you. Because no matter where you are, if there is a Beneficial loan system office near, you can get the cash to tide you over.

It's a wonderful feeling to know for sure that the nearest Beneficial loan system office will be a friend in need. And thousands who never expected to use their credit card on vacation were mighty glad they had the foresight to take it along.

Here is more of the high pressure salesmanship:

Here's How Your Credit Card Works!

1. Your cash-credit card identifies you at over 800 affiliated offices of the Beneficial loan system . . . coast to coast in Canada and the United States.

2. Your cash-credit card means that you will never be a stranger in a strange town . . . the local manager will offer you service just as if you were one of his own customers.

3. Your cash-credit card can be used at home . . . or away from home. Should you want extra cash, present your card to the manager of any office displaying the Beneficial loan system symbol.

4. Your cash-credit card is free . . . you pay nothing for it. You pay only for the loan you take and the length of time you use the money.

I suggest this is another example of this kind of misleading advertising. The third card I have is somewhat similar but it has this to say:

We welcome this opportunity to serve.

This also refers to vacations and it suggests that you should get a credit card and then you can fly on credit.

For extra fast service fill in below and hand to cashier—or phone in for 1-visit service.

This is really prompt service; a phone call, one-visit service. It invites you to fly on credit. And all this can be done at 2 per cent per month. As the hon. member for Saskatoon (Mr. Knight) said, that is the thing they forget. I would suggest, as he has, that it should be a part of the law of this country that when a company such as this puts out advertising such as this they should

be required to state that this credit policy will cost the applicant 2 per cent per month, the appropriate rate of approximately 24 per cent per annum. The card has some other things to say:

> Beneficial Finance System's cash-credit card—a valuable extra . . . at no extra cost!
> This exclusive card identifies you immediately at the more than 960 affiliated Beneficial Finance System offices in Canada, United States and Hawaii. With it, you may get extra cash in a hurry—either at home or away. You get this valuable card only at Beneficial Finance System offices.

I should like hon. members to listen carefully to this sentence as I read it again:

> This exclusive card identifies you immediately at the more than 960 affiliated Beneficial Finance System offices in Canada, United States and Hawaii.

In other words, this company which is asking parliament at this time for a change in its name from the Personal Finance Company of Canada to the Beneficial Finance system is in fact already using the latter name despite the fact that it has not had the approval of parliament. I can remember many instances of hon. members of the government announcing government policy outside of the house and saying that the government intended to put particular proposals before parliament, but before those proposals were placed before parliament the facts of those proposals had become the law of the country. Many of us have said it was an affront to parliament that the government by statement should in fact inaugurate a change in the law. But here is an affront to parliament by a private company. This company has the effrontery to come to parliament now and ask to have its name changed when in fact the company has already been using the new name in the normal course of its business.

I wonder if one of the reasons the company felt it could use this kind of advertising and could use this name in its Canadian literature is because D. K. MacTavish is a member of the board of directors of the company and appeared as the legal counsel for the company in proposing this bill when it was first brought to the House of Commons.

An hon. Member: Who is he?

Mr. Argue: Someone says "Who is he?" I have here a statement made by Harvey Hickey in the *Globe and Mail* of March 2 in which he refers to Duncan K. MacTavish as an Ottawa lawyer and president of the national Liberal federation.

The fact that this company has used the new name in its advertising without the approval of parliament for the official change should be sufficient reason for us to seriously consider the bill which is now before the house. We have already had this subject referred to the banking and commerce committee by way of Bill No. 51. I expect and I hope that the whole subject of small loans companies will be thoroughly studied by hon. members of parliament who serve on the banking and commerce committee. After we have had a thorough study of this entire field we would be in a much better position to judge whether or not a bill like this should in fact be passed by this house. If we say that we approve of this change at this time I wonder if we are not tying our own hands as far as the committee is concerned. We should have the opportunity to permit the banking and commerce committee to study this whole question thoroughly. By so doing we would be able to judge in a much more intelligent manner whether or not it is advisable in fact for this bill to be passed. Without having had the opportunity to learn the facts of the case from witnesses I certainly intend to vote for the six months hoist and later to vote against second reading of the bill.

Some hon. Members: Six o'clock.

Mr. Argue: Mr. Speaker, may I move the adjournment of the debate?

On motion of Mr. Argue the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. W. E. Harris (Minister of Finance) moved:

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

He said: Mr. Speaker, on the first day of spring one cannot help feeling buoyant and optimistic, and I think that what I have to say tonight will bear out that we have had a buoyant and optimistic year.

The world economic situation has during the past year shown nothing but solid progress in almost every civilized country. While the increase in economic activity has been most apparent in North America, substantial increases have also occurred in the United Kingdom, continental Europe and other parts of the world, and the flow of world trade has been very considerably enlarged. For many

countries, this improvement came on top of an impressive growth of economic activity in previous years.

Continued rapid expansion in both investment and consumption expenditures has brought on a renewal of inflationary pressures in many countries; but it is highly encouraging that the general tendency has been to counter these pressures by fundamental monetary and fiscal policies which, in our judgment, go to the root of the trouble, rather than by a relapse into physical restrictions and controls.

As for our own economy, hon. members will recall that the situation at the time of the last budget was somewhat clouded. It was clear that we were beginning to recover from the recession of 1954, but the rate of recovery was still uncertain. To me it seemed that the prospects for economic expansion were reasonably good, and I based my revenue forecasts on the expectation that there would be an improvement of at least 5 per cent in production, and that the gross national product would reach an annual rate of about $26 billion by the end of the year. There were many who felt that such a view was altogether too sanguine. As a matter of fact, at a later time during the year, someone wrote that he could only conclude that some of the optimism of the Minister of Trade and Commerce had rubbed off on the new Minister of Finance. I would like to say that I would be happy if other qualities of the Minister of Trade and Commerce were also to rub off on me.

Mr. Fleming: Be careful.

Mr. Harris: In the event, the Canadian economy advanced rapidly and continuously throughout 1955 and total production for the year as a whole was about $26½ billion. This was some 10 per cent greater than 1954 and nearly 9 per cent higher than the level of 1953. Since the average cost of living remained fairly stable, there was a significant increase in the wealth and welfare of most Canadians. More people were at work than ever before, unemployment was greatly reduced, wages and incomes were higher and the consumption of goods increased substantially. By virtually every standard, 1955 was a year of exceptional economic advance.

Nevertheless, some sectors of industry and agriculture have not fully shared in this rate of progress. For example, wheat farmers had a much better than average crop, but during the first part of the crop year were unable to deliver as much as all of us would like to have seen. However, this has changed materially since the session began, and sales have greatly improved.

Geography and climate impose upon us a substantial amount of winter unemployment but conditions are distinctly better this year than they were last winter. Part of this improvement is due to the response of industry and commerce to the program of promoting more winter employment initiated by my colleague the Minister of Labour.

However, admitting some unevenness in the rate of expansion, it is clear that Canada as a whole enjoyed an extraordinarily active and encouraging year in 1955 and that the momentum of expansion is still carrying us forward.

Perhaps I may be permitted to emphasize certain features of this expansion. The progress we have made over the last year or more can be related to at least three important factors: a high level of exports, a large program of capital investment, including residential housing, and a continuing increase in consumer expenditures. These were the things that caused production, employment and incomes to grow so rapidly. But behind all these things lay something less tangible, but fundamentally important and essential,—the confidence of Canadians in the economic future of our country.

The particular forces which encourage economic expansion are so inter-related that it is difficult to single out the one which was of most importance in 1955. However, I think that I would put the renewed growth of exports first on my list.

Canada's ability to produce and export is a measure of the enterprise of those Canadian individuals and companies—and of non-residents too—who have explored and developed our natural resources, or planned these new or enlarged mills, factories and mines, and of the workers and technical staffs who build or operate them.

On the demand side, the briskness of the United States economy in 1955 was the biggest single factor in the expansion of our exports. Our exports to the United States increased by $250 million out of a total increase in exports of about $400 million. However, the increase in our exports to our other traditional markets overseas in 1955 was also impressive. There was a 20 per cent increase in our sales to the commonwealth, and exports to western Europe increased 11 per cent.

With a very large program of capital investment taking place in Canada, and with consumption expenditures running at higher levels, imports also rose sharply in 1955. But it should be noted that fully two-thirds of our increased imports are accounted for by increased raw materials, machinery and equipment for Canadian factories and industries. Over $400 million of the $600 million increase

in imports consisted of such items as industrial machinery and equipment, primary iron and steel, aircraft and automobile parts, farm machinery, crude petroleum and rubber, raw cotton and raw wool. Our heavy expansion of capital investment, part of which was made possible by foreign investment, not only made necessary these large imports of capital goods and raw materials, but also created many thousands of new jobs all over the country in secondary trade and industries which benefited from all this increased purchasing power.

The result of a greater increase in imports was a deficit on commodity trade of $185 million. This was mainly responsible for the increase in the total current-account deficit, which amounted to $665 million last year. The net inflow of long-term capital into Canada was less in 1955 than in 1954, the net inflow of short-term capital was greater, and there was no marked change in Canada's official reserves of gold and dollars. The value of the United States dollar in Canada rose from approximately 96⅝ cents Canadian at the end of 1954 to approximately 99⅞ cents Canadian at the end of 1955.

Changes in the relative levels of interest rates in Canada and the United States made the United States market less attractive for the issue of new Canadian securities than was the case in earlier years. This factor also stimulated a greater volume of repurchase by Canadians of Canadian securities held abroad.

The second dynamic element in the economy last year was the sharp growth in the amount of new capital expenditure. Here, too, the optimistic expectations of the early part of last year were more than confirmed by events. New capital expenditure rose by over 11 per cent to a total exceeding $6 billion and absorbed 23 per cent of our total national output.

Investment in housing comprised one-quarter of all new investment. Parliament has attached a great deal of importance to the encouragement of residential construction and home ownership. The housing legislation of 1954 made provision for further government encouragement and assistance by measures that are familiar to all of us. The success which attended these efforts has been most encouraging. In the last ten years almost a million new homes have been built and our cities and towns are being visibly transformed by the growth of new suburbs. 1955 was the first full year of participation by the chartered banks in the financing of insured residential mortgages and their entry into this field has considerably broadened the market for new home financing. 127,000 new dwelling units were completed during the year, an increase of 25 per cent over the previous year.

Another important stimulus to the expansion of the economy in 1955 was, of course, the increase in consumer expenditures on goods and services. This was particularly striking in the case of durable goods. Total sales of consumer goods and services increased by nearly 7 per cent or almost twice the increase of the previous year. Allowing for the growth of population, this means that the consumption of the average individual showed a 4 per cent increase, the largest annual increase since the war. A significant portion of this increase was the result of a wider use of instalment credit, but the principal explanation is the growth of employment and the increases in wages and salaries.

A year ago I referred to the part played by federal welfare and income maintenance policies in the stabilization of economic activity. During 1954 when business and employment in many sectors were failing to rise, or even declining, such measures as unemployment insurance, family allowances and the like automatically served to maintain incomes and employment. I have heard it said that the tax reductions of my last budget helped as well.

During 1954 the policy of the Bank of Canada was directed towards easy monetary conditions and the positive encouragement of enterprise so far as the availability of credit was concerned, and this policy was still in force at the beginning of 1955. As the slack in the economy was taken up, monetary policy shifted to one of neutrality and then to one of restraint. With the rapid growth of production in almost every direction, the possibility of shortages of such items as steel, cement, building materials, and of certain kinds of labour began to appear, and in these circumstances the Bank of Canada's operations were directed increasingly towards moderating the rate of expansion in the use of credit.

Looking now to the year ahead I feel that the evidence points to a continuation of the progress that the economy enjoyed in 1955. Both in the United States and overseas, the economic situation remains favourable so that we can anticipate a further growth in exports. Within Canada itself there are many other indications that 1956 should be a year of further expansion. The present investment intentions of industry, business and governments are much higher than they were last year, according to the survey tabled by my colleague the Minister of Trade and Commerce (Mr. Howe) recently.

We cannot expect, however, to see a physical rate of growth this year equal to that of

1955 when we had a certain amount of slack to begin with so I think that for purposes of revenue forecasting I should not count on an increase in the total national product of more than 5 per cent over last year, this being about the average annual rate of increase in recent years. Assuming stable prices, average crops and no untoward events, this would give a gross national product of close to $28 billion.

The blessings of an economy operating at a high level are pleasant indeed to a minister of finance but they bring with them new responsibilities for all of us. The objective should be to maintain a steady growth in economic activity without the process of expansion giving rise to inflation and instability. Consequently, in times like the present when private expenditures are expected to rise still further, the federal government itself has a special responsibility to see that its fiscal policies continue to be directed towards economic stability. The use of the flexible instruments of monetary policy is also being directed towards this objective. But careful judgment and wise spending policies are not solely matters of concern to public authorities. They are the normal responsibility of each one of us, regardless of his role in the economy.

GOVERNMENT ACCOUNTS, 1955-56

I turn now to report on the government's accounts for the fiscal year which will be closing a few days hence. At this time I can indicate only approximate figures because it will be several months before our books of account can be finally closed and audited.

Hon. members will recall that a year ago I budgeted revenues this year at $4,202 million, expenditures at $4,362 million, and consequently a deficit of $160 million. The result I am glad to say has been considerably better. In fact, our revenues will be about $4,385 million, or 4 per cent greater than forecast, our expenditures $4,437 million, or 2 per cent above forecast, and our deficit will be $52 million, or only about one-third of my earlier expectations.

The increase in revenues is a reflection of a rate of recovery and expansion somewhat greater than I had felt justified in assuming a year ago. Of the increase in expenditures over forecast, which amounted to $75 million, $20 million represents the wheat storage costs absorbed this year in accordance with legislation passed a few weeks ago; $5 million is on account of the support of agricultural prices and $15 million represents higher charges for interest on the public debt.

In addition to our outlays for government services which are included in the budgetary accounts, we have as usual made loans and advances and disbursed large sums for a variety of other essential purposes. During the fiscal year these outlays, all of which of course have been authorized by parliament, will amount to $285 million. To meet them we will have substantial sums available from non-budgetary sources, details of which are given in the white paper.

Although the budgetary deficit is $52 million, our cash balances at the year end will be about $295 million higher than a year ago. This is the result of receipts of $385 million from annuity, insurance and pension accounts, the repayment of loans and investments and other non-budgetary sources plus an increase of $245 million in our debt outstanding in the hands of the public, less the $285 million paid out for loans, advances and other non-budgetary purposes.

Our public debt operations during 1955-56 have included the redemption or refinancing of a large volume of matured or called bond issues. A notable feature of the year's operations has been the net increase of about $710 million in the amount of treasury bills outstanding reflecting the government's desire to meet the growing market demand for short-term securities. Net sales of Canada savings bonds series 10 are estimated at $645 million. In addition to the refunding or conversion of treasury bills, new securities were issued amounting to $3,230 million and old securities were redeemed or acquired for our sinking fund or securities investment accounts in the amount of $2,985 million. As a result, our unmatured debt held outside these government accounts was increased during the year by $245 million.

Interest rates rose sharply during the year at home and abroad, particularly on short-term securities. The average rate of interest on the government's unmatured debt will be about 2·86 per cent at the year end compared with 2·74 per cent at the beginning of the year.

I should like at this point to report briefly on the operations of the old age security fund during the fiscal year now ending. As hon. members know, pensions of $40 a month are paid from the fund, the revenues of which are derived from a 2 per cent tax on sales, a 2 per cent tax on corporation profits and a 2 per cent tax on personal incomes (with a maximum individual payment of $60). Pension payments from the fund during the year are about $366 million, revenues about $316 million and the deficit for the year of about $50 million has been financed by a temporary loan from the Minister of Finance. Following the practice introduced last year I propose to ask parliament in the June supplementary

estimates for authority to charge the past year's deficit to 1956-57 expenditures.

FEDERAL-PROVINCIAL RELATIONS

The subject of federal-provincial relations has taken up a good deal of our time during the past twelve months. There have been four meetings of premiers, as well as other conferences of ministers. Last April we met to agree on an agenda and to conduct a general consideration as to those questions which seemed to be most urgent. In June we laid the ground work for a federal contribution to provincial costs of providing unemployment assistance not covered by unemployment insurance and other federal policies. In October we discussed the whole field of federal-provincial fiscal relations. In January we examined the question of health insurance.

It was also in January that the Prime Minister communicated to the provincial governments definite proposals respecting federal-provincial fiscal arrangements, and these were the subject of the last meeting of premiers eleven days ago. In commenting upon our federal-provincial fiscal proposals this evening, I do not need to go into detail, because parliament has been kept fully informed. In broad outline we have proposed:

First, that the federal government make unconditional equalization payments to provincial governments to bring their yield of certain standard tax rates applied to personal incomes, corporation incomes and successions, on a per capita basis up to the average per capita yield in the two provinces with the highest per capita yields.

Second, that whenever necessary the federal government makes unconditional stabilization payments to provincial governments to bring their available revenue in these tax fields up to a specified guaranteed minimum.

Third, that the federal government offer five-year tax rental agreements to the provincial governments, the annual payment being the estimated yield of the standard rate in that province.

Fourth, in provinces and fields where no tax rental agreement has been made, the federal rate of tax applicable in that province and field be reduced by the standard rate, leaving that provincial government free to impose whatever rate it deems appropriate.

Fifth, where a provincial government prefers to impose its own tax, the federal government at the request of the provincial government would be prepared to enter into a tax collection agreement under certain conditions on a fee basis, provided the provincial basis and rate of tax did not differ from the standard rate.

[Mr. Harris.]

Our first suggestions made in October would have provided an increase in provincial revenues from these sources in 1957-58 of about $65 million, or 12 per cent over the estimated payments that would be payable in 1957-58 were the present agreements renewed without change. In successive negotiations we have improved our proposals in several ways, including increasing the standard rate on corporation incomes from 8½ percentage points to 9 percentage points; putting all calculations on a current year basis instead of a preceding year basis; and offering to withdraw from the insurance premium tax field in favour of the provincial governments. We have also improved considerably our first suggestions respecting the guaranteed minimum to the provincial treasuries.

The sum total of these improvements in our offer has been to enlarge the increase in provincial revenues available from these sources from the $65 million of last October to $109 million in February.

I should explain that all the figures I am using relating to 1957-58 are not forecasts but calculations based on an assumption that total revenues from these three tax fields will increase by 5 per cent per annum over the 1955 figures.

On this assumption our proposals would make available to the provincial governments in 1957-58 revenues of $640 million. In the same year the present tax rental agreements if renewed without change would provide $531 million. Having regard to our national responsibilities and commitments we cannot see how we can go further. Under all the circumstances we believe our offer is eminently fair and that it is reasonable and realistic in the light of federal and provincial responsibilities.

As a result of further consideration since March 9, we are, however, prepared to make an improvement in the stabilization feature of the proposals. Our offer hitherto has been that the revenue available to a provincial government under these arrangements will be not less than the highest of, (a) the dollar amount received or available in the final year of the present agreements, or (b) the per capita rate paid or available in that year, or (c) 90 per cent of the average of the two preceding years under the new arrangements. We are now prepared to give the further guarantee that the amount available will be not less than the amount that would have been available if the present tax rental formula had been continued throughout the next five years, nor will it be less than 95 per cent of the average of the two preceding years under the new arrangements. Every

province is therefore guaranteed that under the new arrangements it can never get less than it would have received had the present agreements been renewed without change, and that above this floor it will have access to the revenues from the insurance premium tax.

Since both the federal government and the provincial governments must have time to make decisions and to set up any consequential administrative machinery, we propose to introduce legislation later in this session to prescribe the nature of and to provide authority for unconditional equalization payments and unconditional stabilization payments to provincial governments, and to authorize the government to enter into tax rental agreements or tax collection agreements.

The Prime Minister has written to the premiers on these matters, and the letters will be tabled tomorrow.

Before I turn to the question of how we should raise our essential revenues in the coming year, there are two other matters in the field of finance to which I should like to make reference.

First, a few words about credit unions and co-operative savings and lending societies. These have been growing very rapidly in numbers, membership and resources during the past fifteen years. In 1940 there were over 1,000 societies with assets of $25 million. The most recent figures available indicate that there are now more than 4,000 societies with over 1,600,000 members and close to $600 million of assets. Members' savings and deposits in these credit unions exceed $500 million and loans to members $350 million. Clearly the credit union or co-operative savings society is filling a most useful and rapidly expanding role in our financial system. We are getting a number of requests to treat credit unions, for a variety of purposes, as if they were banks, and particularly to allow them to participate in various kinds of government guaranteed loans.

May I make it clear that the federal government has no intention or desire to intervene in the general field of co-operative credit societies, but we are prepared to sit down with interested groups to discuss under what circumstances and conditions we could properly extend to them privileges and opportunities which are not now open to them. I hope to arrange such discussions shortly, and I should add, Mr. Speaker, we have already had some informal discussions on the subject.

May I repeat that it is not our desire to extend our supervision in this field unless, and only to the extent that credit unions may desire to participate in these government activities.

The second matter is our regulations affecting trade in gold.

Late in 1931, when the United Kingdom and Canada went off the gold standard, the export of gold was made subject to a system of licensing administered by the Minister of Finance. At the same time arrangements were made with Canadian gold producers whereby all newly mined Canadian gold was turned over to the royal Canadian mint, and the mint became in effect the agent of the gold mines.

In 1946 and 1947, the international monetary fund, of which we are an active member, became increasingly concerned with the serious extent to which gold throughout the world was being diverted into private speculative holdings. In March 1948, in line with the international monetary fund's policy, which we fully supported, of discouraging hoarding, the government gave notice that gold imported into Canada after that date would not be granted an export licence.

In 1951 the fund decided that it was impracticable to expect uniformity in the measures taken by its members in respect of their control over gold transactions, and as world-wide monetary conditions improved our regulations have been liberalized from time to time. For example, in 1951 we allowed Canadian gold producers, under certain conditions, to sell gold in the world markets. In 1953 we liberalized the conditions under which we would release gold for industrial uses, and last May we undertook to grant export licences for gold imported into, or purchased in, Canada for safekeeping for account of foreign central banks and official international financial institutions.

We now propose to remove all remaining restrictions in this field. Effective tomorrow, both residents and non-residents of Canada will be free to buy gold for export or for safekeeping, and the regulations under the Gold Export Act requiring an export licence have been suspended. Mines agreeing to forgo aid under the Emergency Gold Mining Assistance Act will be able to sell their gold wherever they desire subject merely to reporting their production and sales to the Department of Finance.

TAX POLICY

I come now to the question of an appropriate tax policy for the coming year. Last year I said that with our proposed level of taxes and a gross national product of $26 billion we could expect revenues to flow in

at the rate of about $4,350 million. In the event our gross national product went a bit over $26 billion, and our revenues were $4,385 million,—which is quite a close fit to my forecast.

I said earlier I am now assuming a gross national product of about $28 billion for 1956, and on that basis I would expect our present tax structure to produce revenues of $4,775 million. This is a very large increase for a single year. The explanation lies largely in the way in which our corporation income tax returns flow in. Under the Income Tax Act corporations must pay their tax in monthly instalments, but their first nine instalments may be based either on their estimate of their current rate of profits or on their last year's actual taxable income. We know that profits in 1955 were considerably higher than in 1954, but our tax receipts are almost exactly the same. During the coming months our inflow of corporation income tax receipts will be abnormally high as corporations catch up on their 1955 tax liability and at the same time are paying currently on a much higher base.

If I may have unanimous consent I shall place in *Hansard* at this point a table showing the details which go to make up the $4,775 million of revenue which we would expect to receive in the coming year if tax rates remained unchanged.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Harris: The table is as follows:

Revenues before tax changes
(in millions of dollars)

	Preliminary 1955-56	Forecasts 1956-57
Personal Income Taxes	$1,180	$1,265
Corporation Income Tax	1,035	1,315
Non-resident tax	67	70
Succession Duties	75	65
Customs Duties	475	485
Excise Duties	245	258
Sales Tax	640	675
Other Excise Taxes	260	265
Other Taxes	16	17
Total Tax Revenue	3,993	4,415
Non-tax Revenue	392	360
Total Revenue	$4,385	$4,775

I should like to say again that this forecast of $4,775 million, which is an increase of $390 million over the year just closing, includes a large element of non-recurring increased revenue in the corporation tax field.

While I expect this large increase in revenue, we also have to face very considerable increases in expenditure. The main estimates tabled in January show an increase in expenditure of $54 million. As I explained at that time, this does not include the 1955-56 deficit in the old age security fund which we will in due course be asking parliament to charge off against next year's expenditure. This will amount to about $50 million (a reduction from the $63 million a year ago). There will be additional obligations under the Temporary Wheat Reserves Act, and also under our agreements with the provincial governments respecting unemployment assistance. We must expect some further expenditures in connection with agricultural price supports, and we shall have to find some further funds for the Canadian Broadcasting Corporation.

I have previously informed the house that some increases in salaries and rates of pay in the public service are about due. I cannot yet say what this will cost, but when I point out that each one per cent increase across the board in civil salaries and wages would add about $9 million to our expenditures next year, (including the required matching lump sum payment into the superannuation account), the house will realize that this may be a very considerable sum.

All in all, and after making due allowance both for further supplementaries and lapsings, I cannot promise expenditures of less than $4,650 million in the coming year.

Before proceeding, I should like to put this figure in context. The house will be aware that the gross national product in current dollars has been increasing on the average over the past few years at a rate of just over 5 per cent per year. Many of the increases in the expenditures of the government flow from these rates of growth. This is most apparent in some of the heaviest items of expenditure in the statutory category, but it also has a bearing on the scale of service required and other costs that must be met. In many fields the services provided by the federal government have to expand along with the increase in population and national production. I need only mention such things as the provision of inspection services of all kinds, customs administration, trade promotion, surveys, research and the provision of transportation facilities, for example. If these services do not keep in step with public need the expansion of the economy will itself be hampered. Also the government cannot escape the increases in costs resulting from the rise

in salaries and wages which has taken place in the private sectors of the economy.

Against this background, the increase of just over $200 million in anticipated expenditures in 1956-57 over the previous year is at a rate somewhat lower than that of the average rate of growth of the G.N.P. in recent years. The greater part of the increase in anticipated expenditures pertains to statutory items, such as the servicing of the public debt, subsidies and special compensation to provinces, family allowances, and other welfare payments.

On the basis of the figures I have been using, what might be called the controllable expenditures show an increase of a little over 3 per cent, which is considerably less than the rates of growth in the economy generally that I mentioned a moment ago. This result can be achieved only through the continued exercise of effective control, economy and efficiency in the operations of the government. Despite the small size of the projected increase, a number of new programs have been accommodated. These include larger outlays for the Colombo plan, and for United Nations technical assistance and relief programs to the extent of $9 million, provision for the new five-year census amounting to nearly $4 million and increases of smaller amounts for the atomic energy program and for trade promotion.

The program of public works and other capital items for the coming year has been held down to immediate essentials. The main estimates which have been tabled indicate that the appropriations proposed to cover expenditures on public works and other capital items are down by nearly $10 million from the previous year. The increased amounts required by the Department of Northern Affairs and National Resources and for the trans-Canada highway are more than offset by other reductions. In proposing small expenditures for capital purposes, the government is seeking to reduce the strain on the economy resulting from the very large increase in capital expenditures which private industry is planning to make during 1956.

As I have projected revenues at $4,775 million and expenditures of $4,650 million, we would have a surplus of $125 million under our present tax structure.

This sum of $125 million is about 2½ per cent of our revenues or our expenditures; it represents, therefore, not much more than a prudent reserve against unforeseen circumstances that may arise in the course of the year. Moreover, we had a deficit of $152 million last year and a further deficit of $52 million this year. But of course, an accumulation of debt of over $200 million in two years, having regard to our record in the past 10 years, is in itself no cause for concern. But clearly it is only sound and responsible finance to run a modest surplus in times as good as these we are now in.

TAX CHANGES

Although for reasons just stated it is not possible for me to recommend to parliament any reduction in the general level of income tax this year there will be some changes in certain provisions in the Income Tax Act. Of these amendments some will be mainly technical in their nature while others will contain substance of interest, but on balance there will be no appreciable effect on total revenues.

There will be some changes in the tax treatment of proceeds from plans under which employers share their profits with employees. In future under deferred profit-sharing plans, gains and losses resulting from investment portfolio transactions will be excluded in calculating the taxable portion. The dividend element in the income allocated to a member will be recognized for tax credit purposes. Also, there will be postponement of tax liability for the first three years on amounts allocated to a member of a plan if the unconditional right to receive such amounts has not been assured to the member within this period. With these changes our tax provisions for profit-sharing plans will be established on a pretty satisfactory basis.

Over the past year my colleague the Minister of National Revenue (Mr. McCann) and I have given considerable thought to the general requirements to which pension plans must conform in order to establish the right of tax deductibility for contributions. We have concluded that it is desirable to revise the blue book which contains the general instructions regarding pension plans. In particular we have examined with some care the provisions relating to limits on the discretion of the trustees in investing funds placed under their administration and we have studied the urgent representations made to us for the removal of some of these restrictions. Our decision is that we should remove the percentage limitations relating to equity investments so that trustees will be able to govern their own investment policies in the light of the particular pension requirements of the plans under their administration.

Members of the professions and others who have been affected by a recent Exchequer Court decision which ruled out a deduction for convention expenses will doubtless be interested in learning that the act will be amended to allow for 1955 and onward the deduction of expenses for two conventions annually in Canada.

The recent decision of the Supreme Court of Canada in the Home Oil case has created a situation which calls for some amending legislation. In brief the court decided that under the Income Tax Act and regulations thereunder as they were in 1949 and 1950 an oil producer was entitled to have the so-called depletion allowance calculated on an individual well basis rather than on the basis covering total operations. This decision has affected the basis in law for the policy which has been followed for the oil industry during the course of its development.

In 1951 the regulations which had been in force during the years covered by the Home Oil appeal were amended by the governor in council with a view to establishing greater legal certainty for the basis on which taxpayers in the industry were being, and had in the past been assessed. The reasons for judgment given by the court in the Home Oil case have created some uncertainty as to whether the present law and regulations as amended in 1951 are in sufficiently clear terms to support assessments made since 1951. It is proposed, therefore, to amend the law and regulations now to ensure that the intent of the 1951 amendment shall govern for the intervening period and for the future. This amendment will not deprive any taxpayer of his rights under the Supreme Court decision for the years prior to 1951.

In recent months there have been frequent references to foreign ownership and control of Canadian companies. It has been suggested that a certain feature of our tax law may be discouraging the foreign owner from allowing Canadian participation in his enterprise. Under our law the standard rate of tax payable by non-residents on dividends from Canada is 15 per cent. However, the tax is only 5 per cent on a foreign corporation if it owns all the shares which, under all circumstances, have full voting rights. It might be noted in passing that the tax position of the foreign company is not adversely affected by issuing for public participation in Canada other kinds of shares in the Canadian company.

This general provision in our tax law to which I have just referred has in many cases been modified by tax treaties with various countries in recent years. For example, in our treaties with Sweden, Ireland and Denmark a company may secure the preferred rate of 5 per cent on dividends if it has more than 50 per cent ownership of the Canadian company. Negotiations for tax conventions are currently active in South America, Australia, Holland and Germany.

By amendment to our treaty with the United States six years ago the percentage ownership required for the 5 per cent rate was reduced from 100 per cent to 95 per cent. For some time we have had this item on our agenda for discussion with the United States administration, and toward the end of last year the question of a further reciprocal lowering of the percentage ownership requirement was proposed. I have reason to hope that this proposal will be acceptable to the United States and that an amendment to our tax convention will in due course be effected.

Other changes in the Income Tax Act which are contemplated will be explained upon introduction of the amending bill.

CUSTOMS TARIFF

The resolutions which I am placing before the house tonight contain, as usual, some tariff changes. These are rather fewer than in recent years. One of the reasons is that tariff negotiations are in progress in Geneva under the general agreements on tariffs and trade, the results of which will be announced when they are complete.

Many of the tariff changes I am announcing tonight are matters of form, to facilitate administration, rather than substance. In a certain number of cases, however, the rates of duty are being altered. While all these individual changes are in a downward direction, the total effect on the revenue will not be significant.

Only one change is of sufficient general interest to warrant mention at this time. This relates to parts for agricultural machinery and equipment. Government policy has, of course, been that the parts, like the machinery and equipment itself, should enter Canada duty-free. However, certain judicial decisions by the tariff board, relating to the wording of particular tariff items, have resulted in important changes in tariff classification practices, and the scope of duty-free entry has been substantially narrowed. This undesirable result has been brought to my attention by many interested persons and organizations. The action taken tonight is intended fully to restore duty-free entry in this important field.

As I explained in my last budget, it is my intention to keep our tariff abreast of technical and industrial changes and, for this purpose, to refer tariff items or groups of tariff items to the tariff board from time to time. Since my last budget I have made three references and have received one report.

The board's report on potatoes reached the government in November; last month its contents were studied and discussed at a joint meeting between our officials, representatives of the growers, and representatives

of various provincial departments of agriculture. I hope to be able to make a statement to the house on this subject fairly soon.

The next reference to the tariff board was primary iron and steel and the board is now well into its investigations. These will be followed by investigations into the closely related area of pipes and tubes of iron and steel. The reference on chemicals will be going forward soon.

I have two or three new tariff board references in mind for the coming year. One covers zinc and manufactures of zinc; another covers fire brick. Then if the board's program allowed, I would also think of referring to it a group of tariff items relating to the manufacture and assembly of radio and television sets.

It is clear that the tariff board will continue to bear a heavy burden. This point has been brought to my attention both by the chairman of the board itself and also by others concerned with the board's work. Accordingly it is our intention to enlarge the membership of the board from three to five; later in this session I shall introduce a bill for this purpose.

SALES AND EXCISE TAXES

I now turn from tariffs to sales and excise taxes.

For reasons already stated I am unable to propose any reduction in the general rate of sales tax, or in the standard level of 10 per cent for the special excise taxes.

A year ago I told the house of our intention to appoint a committee to study various aspects of the Excise Tax Act. This has been done and I am tabling at this time a copy of the committee's report. I should like to take this opportunity of thanking the committee publicly for the high quality of their work in this specialized field. It is a tribute to the business community of this country that objective and painstaking studies can be obtained so willingly from those who would otherwise be so busy with their own affairs. I think the country owes them a debt of gratitude for their willingness to take on these arduous duties in the public interest.

The committee's report is being given careful study by the departments concerned. I am unable to say at the moment how far the recommendations made by the committee will find a place in this year's amending act. Some of the recommendations involve some rather fundamental changes in the structure of the law. These we shall have to consider carefully. I think the most I can say at this time is that we are adopting some of the committee's recommendations for greater simplicity and certainty through making certain additions to the exemption list. These, along with some other additions, will be found in the resolution which I shall be tabling at the conclusion of this statement. The most important additional exemptions arise out of a broadening of the definitions of building materials and of production goods. It is estimated that the total reduction in taxes through these additions to the exemption schedule will amount to about $12 million in the forthcoming fiscal year. As usual it will be provided that the above commodity tax changes will be effective from midnight tonight. In accordance with standard practice my colleague the Minister of National Revenue has asked me to give notice that no claims for refunds arising out of tax reductions in respect of goods on which tax has been paid will be entertained.

Mr. Speaker, as usual, but with the utmost sincerity, may I express my appreciation to the Minister of National Revenue (Mr. McCann) and his staff for collecting such a tremendous sum of money.

For several years past the publishers of Canadian magazines have made representations to the government regarding the increasing inroads of magazines from abroad both into their circulation in Canada and also into their sales of advertising. We have been able to help them to a small extent by some redistribution of routine government advertising. Nevertheless, their relative position has declined. A number of Canadian magazines have been abandoned and others have had to reduce the number of issues per year. Magazines from abroad have meanwhile extended their activities to such an extent that the long run continuation of Canadian magazines appears to be in jeopardy. Already, something like four-fifths of the magazines read in Canada are not Canadian, and the proportion has been creeping ominously upward.

Competition from abroad takes two forms. First, we have what may be described as normal imports; scores of magazines normally on sale in London, Paris, New York or elsewhere, are brought in and sold in Canada. Second, in a few cases, the publisher of a magazine abroad has arranged to put on sale in Canada an edition of his magazine that is quite similar to the magazine he sells in his home market but not identical with it. This special edition will usually differ from the home edition both because it prints a few pages of reading material about Canada and also because it sells some pages, often a great many pages, to Canadian advertisers.

We have been considering this problem for some time, and we have decided that, in this field, very exceptional measures can be justified—measures that certainly could not be

justified in connection with any ordinary line of business or commerce. The publication and circulation of magazines by Canadians, for Canadians, telling about Canadians and what they are doing and what they have to sell, seems to us a basic and essential thread in the fabric of our national life. And I am talking now, not merely of the magazines that deal to a greater or lesser extent with broad political and economic affairs, but also about the magazines that circulate among housewives and businessmen and members of trade associations.

I wonder whether we could contemplate a time when we would not have a Canadian magazine, when there would not be an opportunity for persons with the talent and with the time to sit down and contribute an article of a critical nature on government or scientific matters or on some other topic, or if we could contemplate a time when our children could not read a magazine in which there would be Canadian stories based on Canadian history or Canadian fiction. I doubt very much, sir, if we could look to an occasion like that.

The government would be very reluctant, however, to interfere with the normal and traditional imports of ordinary magazines into our country but the special editions constitute a very special problem. They are relatively new arrivals on the scene. Each is essentially a by-product of some magazine published abroad and, being a by-product, its costs of production are well below the costs of a comparable purely Canadian magazine. It uses its advantage not only to enlarge its circulation but also, and far more serious to Canadian publishers, to sell its advertising services, thus diverting revenues from Canadian publishing houses. In recent years this diversion has become very substantial.

Accordingly, we have decided to put a special excise tax on these special editions. It will be at the rate of 20 per cent and will be levied on all revenues they receive from advertising. It will not come into effect until January 1, 1957 so that those concerned may have time to adapt their affairs to it. The tax will apply to all special editions, whether printed in Canada or abroad, in English or in French.

CONCLUSION

This concludes my review of our proposed tax changes, and I can now summarize my budgetary position. The total reductions in taxes I am recommending to the house amount to $12 million, and my expected revenues for the coming year will be $4,763 million, and my prospective surplus $113 million. I should again remind the house that in figures of these magnitudes there will always be some uncertainty in estimation, and that a variation of as little as one per cent in our estimates in either direction is a matter of close to $50 million.

I should like now to say a further word about federal-provincial relations.

I have seen it suggested that we have been seeking political rather than economic solutions in this field.

If by political solutions is meant taking account of national interests greater than mere dollars and cents, I believe that the objective historical verdict on the past year will be that we have in our frequent federal-provincial meetings given first place to the highest political considerations: the unity and welfare of the whole Canadian people.

At these meetings we have laid the foundation for a working arrangement with the provinces for assistance to the unemployed who cannot qualify for unemployment insurance under existing federal law; we have laid the foundation for a joint federal-provincial plan for hospital care whenever a majority of the provincial governments representing a majority of our people signify their agreement.

We have proposed a new—and for the provinces a more advantageous—tax-sharing plan to replace the tax rental agreements which expire early in 1957.

This is a record of achievement in this field which will be unmatched for some time.

Since I became Minister of Finance in July, 1954, fiscal relations with the provinces have been receiving the continuous attention of my department and of the government.

It appeared to me that, with the tax rental agreements running out soon, a very careful review of what had been accomplished by that system was in order.

Hon. members will recall that there were three main purposes given for the tax rental agreements—and I am referring here only to the post-war agreements.

These purposes were:

(a) To eliminate duplication and inefficiency in taxation as much as possible;

(b) To place the provincial governments in a more stable financial position, having in mind the necessity for providing a certain minimum standard of provincial services;

(c) To give the federal government in co-operation with the provinces sufficient control over the fiscal policies of Canada to permit the effective combating of economic difficulties.

The house, of course, knows that when I entered the Department of Finance I had no experience in these particular matters except as a supporter of this party and this government.

In considering our fiscal relations with the provinces, we have had the advantage of the unequalled experience and knowledge of the Prime Minister, who has lived with these problems since some eighteen years ago he became counsel to the Rowell-Sirois commission.

We have also had the advice and careful consideration of the Minister of Justice, who in 1937, as provincial treasurer of Manitoba took the initiative which was the real beginning of all the activities which have resulted in our present federal-provincial fiscal proposals.

It appeared to all of us that the objective of the tax rental agreements with respect to provincial revenues was much the most important.

Today it is inconceivable to think of going back to the pre-war situation where the provinces with smaller tax potentials had to fend for themselves.

If all the provinces are to carry out their constitutional responsibilities, there has to be some system of tax sharing, of equalization, which will make it possible for them to provide provincial services.

The other objective: to eliminate duplication and inefficiency in taxation is also a valid objective. The British North America Act gives parliament no power to limit the exercise of the rights of the provincial legislatures to tax their peoples for provincial purposes. What we can do is to shape our policies so as to remove the need for duplication as much as possible.

And we are doing that just as effectively with our new proposals as with the tax rental agreements.

As for the third objective, it is still desirable; though we can hope it will not be necessary for a long time to combat grave economic dislocations.

But, under our constitution we cannot control the fiscal policies of the provinces; all we can do is to make co-operation as easy and natural as possible, and our new policies, just because they do not require hard and fast agreements, will, I believe, make co-operation easier.

The situation as we saw it some months ago was this. One provincial government had steadfastly refused to make a tax rental agreement; the government of another province had entered into an agreement which the premier of that province called a stop-gap and a second best; and the representatives of another province were reported to be quite unhappy about being bound by a tax rental agreement.

Our task was to find a substitute for a system which was not acceptable to the government of a province containing almost one-third of our people, and which had won only the reluctant acquiescence of the governments of two other provinces containing more than one-half the rest of the people of Canada.

The tax rental system—good as it was—and it was a great advance over the pre-war fiscal chaos—had to be improved if at all possible.

There has hardly been a week in the past twenty months that we have not given consideration to alternative plans.

The new proposals were evolved gradually and the original suggestions have been greatly modified and refined to remove objections and difficulties.

This new tax sharing plan is a reaffirmation of our belief that the government of the nation has a duty to provide some means of sharing tax returns with those provinces which cannot, without extraordinary measures, find the funds to provide a Canadian standard of public services; it recognizes that double taxation can be costly and inefficient; and it is a reaffirmation of our belief that the federal system has virtues which, if maintained, will benefit us all.

I am confident that every Canadian today believes we should all assist the provinces to provide a reasonable Canadian level of public services in all parts of Canada; nationhood would be meaningless if it were not so.

I am also confident that our tax-sharing plan is not open to serious constitutional or practical objections; though, of course, I do not suggest that it is perfect or will receive universal approval.

But may I make it quite clear that not one provincial premier is on record as saying that this new tax-sharing plan is not as good as the present tax rental agreements; and I am prepared to go further and say that almost all of them have stated that the principle of the new plan is better than the present system.

As the house will understand, these matters have taken a great deal of time in the past eighteen months—not only our time, but the time of the provincial governments as well.

In all our conferences there has been complete frankness and a full measure of goodwill.

This, I attribute to the good sense of everyone present and to the fact that, while every one represented those for whom he spoke vigorously and firmly, all who sat at

the table unhesitatingly conceded the fair-mindedness, the integrity and the sympathetic approach to the problems of the chairman of the conferences: the Prime Minister.

And I believe that what we have achieved will be a lasting tribute to his patience and his wisdom.

EXCISE TAX ACT

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

1. That the sales tax on the following goods be repealed:

(a) boxes for farm wagons, and articles and materials to be used exclusively in the manufacture thereof;

(b) poisons used in agriculture or horticulture;

(c) vermiculite;

(d) material for use exclusively in the production of vaccine for prevention of poliomyelitis;

(e) certain building materials which are in addition to those already exempted, viz.:— additives for concrete; ceiling and acoustical material for buildings; hard surface composition yardage flooring for permanent bonding to floors; material for waterproofing and moisture proofing buildings; additional structural steel for buildings; soil pipe for buildings; tar and asphalt for roofing; skylights; ventilators and louvers, not motor operated;

(f) certain machinery and apparatus for manufacturing or producing goods which are in addition to that already exempted, viz:— structures which are adjuncts to or provide access to the machinery and apparatus for manufacturing or producing goods; repair and maintenance equipment used by manufacturers or producers for servicing their machinery and apparatus for manufacturing or producing goods; safety devices and equipment for the prevention of accidents in the manufacturing or production of goods; systems installed by manufacturers or producers for exhausting dust and noxious fumes from their manufacturing operations; equipment used to carry refuse or waste from production machinery; equipment for hospitals and first aid stations in manufacturing establishments;

(g) identification tags or labels for designating the grades or quality of meat, poultry, fish, eggs, fruit and vegetables, and materials to be used exclusively in the manufacture thereof;

(h) goods enumerated in Customs Tariff items 409t, 409u and 409v, and articles and materials to be used exclusively in the manufacture thereof;

(i) antiques, as enumerated in Customs Tariff item 693 (ii) and (iii);

(j) national manufacturing, industrial or mercantile trade directories but excluding statistical, financial or biographical surveys, reports, year books or directories, and transportation, telephone, municipal or street directories, guides or rate books.

2. That the excise tax on the following goods be repealed:

(a) antiques, as enumerated in Customs Tariff item 693;

(b) settlers' effects.

3. (a) That the exemption from excise tax on the goods enumerated in sub-paragraphs (a) and (b) of item 12 of Schedule I be repealed when the sale price is one dollar or less;

(b) That the exemption from excise tax on the goods enumerated in sub-paragraph (c) of item 12 of Schedule I be repealed when the sale price is fifty cents or less.

4. (a) That there be imposed, levied and collected in respect of each copy of a special edition of a non-Canadian periodical issued to the public in Canada a tax of twenty per cent of the value of the advertising material contained therein;

(b) That for the purposes of sub-paragraph (a) a "special edition of a non-Canadian periodical" means a periodical printed in or outside Canada for publication in Canada

(i) containing editorial material at least twenty-five per cent of which is the same or substantially the same as editorial material contained in a non-Canadian periodical, whether in the same or in some other language, and

(ii) containing any advertising material that is not contained in such non-Canadian periodical;

(c) That any enactment founded upon this paragraph shall come into force on the first day of January, nineteen hundred and fifty-seven.

5. That any enactment founded upon paragraphs 1, 2 and 3 of this resolution be deemed to have come into force on the twenty-first day of March, nineteen hundred and fifty-six.

CUSTOMS TARIFF

1. Resolved, that Schedule A to the Customs Tariff be amended by striking out tariff items 13a, 172, 206c, 219d, 279, 288b, 326e, 372, 376a, 390, 390a, 390b, 409e(1), 409f, 410t, 410u, 410w, 425a, 428g, 437b, 442, 443, 445m, 476b, 476c, 478(2), 549a, 657b and 700, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
13*a*	Lard compound and similar substances, n.o.p..... per pound	1½ cts.	1¾ cts.	2 cts.	1½ cts.	1¾ cts.	2 cts.
137*a*	*Molasses powder without admixture or mixed only with any necessary anti-caking agent..... per one hundred pounds*	35 cts.	45 cts.	50 cts.	15 p.c.	20 p.c.	25 p.c.
172	Books, pamphlets and charts, printed or published by any government abroad; official financial and business reports and statements issued by companies or associations abroad; books and pamphlets, *and replacement pages therefor*, for the promotion of religion, medicine and surgery, the fine arts, law, science, technical training, and the study of languages, not including dictionaries. Scripture and prayer cards, and religious pictures and mottoes, not including frames· books, bound or unbound, which have been actually printed and manufactured more than twelve years· manuscripts· insurance maps· freight rates, passenger rates and timetables issued by transportation companies abroad and relating to transportation outside of Canada, in book or in pamphlet form.....	Free	Free	Free	Free Free	Free 10 p.c.	Free 10 p.c.
206*c*	Bottles· tubes, bail bands, labels, corks, stoppers or other closures, for use with bottles, whether or not assembled into units partially filled with anti-coagulating solutions or not· filters, drop counters, clamps· all of the foregoing, when imported to be used exclusively for the collection, preparation, storage, transportation or administration of human blood (whether whole or in the form of liquid or dry serum or plasma) and extenders or substitutes therefor· component materials to be used exclusively in making the foregoing articles, anti-coagulating solutions and extenders or substitutes.....	Free	Free	Free	Free	Free	Free
219*d*	(1) Chloroform and ethyl chloride for anaesthetic purposes.....	Free	Free	Free	Free	Free	Free

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
219*d* Con.	(2) Sulphuric ether; chloroform, n.o.p.; preparations of vinyl ether for anaesthetic purposes	Free	25 p.c.	25 p.c.	Free	25 p.c.	25 p.c.
276g	*Corn oil, crude or refined*	15 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
279	Degras and grease for stuffing or dressing leather	Free	Free	Free	Free	Free	Free
288*b*	Hand forms of porcelain for use in the manufacture of rubber gloves	Free	10 p.c.	35 p.c.	Free	20 p.c.	35 p.c.
326*e*	Articles of glassware, when imported by manufacturers of silverware to be used in receptacles made of or electro-plated with precious metals or to be equipped with tops made of or electro-plated with precious metals, in their own factories	Free	Free	22½ p.c.	Free	Free	22½ p.c.
326m	*Articles of glass, not including plate or sheet or machine-made tumblers, to be cut or mounted, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe*	Free	Free	32½ p.c.	Free	Free	32½ p.c.
326n	*Machine-made glass tumblers, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe*	10 p.c.	10 p.c.	32½ p.c.	10 p.c.	10 p.c.	32½ p.c.
372	*Electric or* blast furnace slag	Free	Free	25 p.c.	Free Free	Free Free	25 p.c. Free
376*a*	Chromium metal and tungsten metal, in lumps, powder, ingots, blocks or bars, and scrap of alloy metal containing chromium and tungsten, for use for alloying purposes	Free	Free	Free	Free	Free	Free
390	Castings, of iron, malleable, *in the rough as from the moulds*, n.o.p.	15 p.c.	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
390*a*	Castings, of iron, non-malleable, *in the rough as from the moulds*, n.o.p.	15 p.c.	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.

390*b*	Castings, of steel, *in the rough as from the moulds*, n.o.p.	15 p.c.	25 p.c.	27½ p.c.	15 p.c.	25 p.c.	27½ p.c.
402*g*	*Welded netting, of iron or steel, coated or not, made from wire of seventeen gauge or heavier, with meshes not smaller than one-half inch by one-half inch and not larger than two inches by two inches, when for use exclusively on fur farms, under such regulations as the Minister may prescribe*	12½ p.c.	20 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
409*e*	(1) Spraying and dusting machines and attachments therefor, including hand sprayers, *for agricultural or horticultural purposes;* apparatus for the destruction of predatory animals by the discharge of poisonous cartridges and poisonous cartridges for such apparatus; automatic explosive bird-scaring devices; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; parts of the foregoing	Free	Free	Free	Free	Free	Free
409*f*	Automatic stock watering *devices;* Barn hay forks, carriage, pulleys and track; Barn litter carriers and track; Grain crushers; Grain or hay dryers; Grain or hay grinders; *Grain loaders;* *Elevators (other than storage elevators);* Hitches and couplings; Hydraulic hoists for unloading vehicles; *Land levellers;* Machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear; Milk coolers; Sodium metabisulphite; Sprinkler irrigation systems; Steel stanchions for confining livestock either in pens or individually, and complete equipment for milking parlors; All the foregoing for use on the farm for farm purposes only; Brooders for rearing young farm animals; Ensilage cutters; Fodder or feed cutters; Hay loaders; Hay tedders; Post hole diggers; Potato diggers; Potato planters; Snaths;						

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
409*f* Con.	Stumping machines; All other agricultural implements or agricultural machinery, n.o.p.;						
	Parts of all the foregoing	Free	Free	Free	Free	Free	Free
409*t*	*Axles, belts and belting, bolts, chains, nuts, pulleys, washers; all the foregoing when for use with the goods entitled to entry under tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409l, 409m, 409n, 409o, and 409q*	Free	Free	Free	Various	Various	Various
409*u*	*Electric freezing machines and parts thereof, for use in the processing and storing of frozen semen at temperatures below minus seventy degrees Fahrenheit*	Free	Free	40 p.c.	17½ p.c.	20 p.c.	40 p.c.
409*v*	*Steel wall sections, with or without doors incorporated therein, for the construction of steel silos for storing ensilage*	10 p.c.	17½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
410*t*	Blowers, of iron or steel, for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals· furnaces, rotary kilns and revolving roasters, of metal, for use in the roasting of ore, mineral, rock or clay· furnace slag trucks and slag pots:						
	(1) Of a class or kind made in Canada· parts thereof	12½ p.c.	17½ p.c.	20 p.c.	12½ p.c.	17½ p.c.	20 p.c.
	(2) Of a class or kind not made in Canada· parts thereof	Free	Free	Free	Free	Free	Free
410*w*	Machinery, n.o.p., for use in the concentration or separation of ores, metals or minerals, namely: flotation machines, flotation cells, oil feeders and reagent feeders for flotation machines and flotation cells, pumps, vibrating and impact screens, jigs, filters, magnetic separators and magnetic pulleys; parts of all the foregoing	5 p.c.	7½ p.c.	20 p.c.	5 p.c.	7½ p.c.	20 p.c.

425*a*	*Power* lawn mowers, whether or not containing the power unit	10 p.c.	15 p.c.	32½ p.c.	10 p.c.	15 p.c.	32½ p.c.
425*b*	*Air-cooled internal combustion engines of greater than one and one-half horsepower rating, and parts thereof; parts of power lawn mowers; all the foregoing for use in the manufacture or repair of power lawn mowers*	10 p.c.	15 p.c.	32½ p.c.	10 p.c.	15 p.c.	30 p.c.
428*g*	*Starter cartridges*, fuel injection pumps and nozzles, and parts thereof, for diesel and semi-diesel engines	Free	Free	Free	Free	Free	Free
437*b*	Motor rail cars or units and chassis for same, of a class or kind not made in Canada, for use on railways for the carriage of passenger, baggage, mail or express traffic; engines and transmissions for such motor rail cars or units; parts of the foregoing	Free	Free	35 p.c.	Free	Free	25 p.c.
	On and after July 1, 1957	Free	20 p.c.	35 p.c.	On and after July 1, 1956 Free	20 p.c.	35 p.c.
442	Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items 409, 409*a*, 409*b*, 409*c*, 409*d*, 409*e*, 409*f*, 409*g*, 409*h*, 409*i*, 409*j*, 409*k*, 409*l*, 409*m*, 409*n*, 409*o*, 409*q*, 409*t*, 427*b*(1), 439*c* and 618*b*(1), when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under such regulations as the Minister may prescribe	Free	Free	Free	Free Various	Free Various	Free Various
443	Apparatus, *and parts thereof*, for cooking or for heating buildings	15 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
445*m*	(1) Flameproof electric switchgear, for use in mines in which inflammable gases exist, and complete parts thereof	Free	20 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
	(2) 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 in mines in which inflammable gases exist	Free	7½ p.c.	37½ p.c.	Free	10 p.c.	37½ p.c.
446*j*	*Steel box toes, for use in the manufacture of safety footwear*	Free	Free	35 p.c.	Free	Free	35 p.c.
462*c*	*Lenses, shutters, and parts thereof; for use in the manufacture of cameras*	Free	Free	30 p.c.	Free	Free	30 p.c.
462*d*	*Parts, unfinished, for use in the manufacture of cameras*	Free	5 p.c.	7½ p.c.	Free Free	Free 5 p.c.	Free 7½ p.c.

67509—149½

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
476*b*	Surgical suction apparatus including motive power; ethylene; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under such regulations as the Minister may prescribe	Free	Free	Free	Free	Free	Free
476*c*	*Prepared surgical sutures, of a class or kind not made in Canada*	Free	Free	Free	Free Various	Free Various	Free Various
478	(2) Aural, nasal and *mastectomy* prostheses; ileostomy, colostomy and urinary appliances designed to be worn by an individual; materials and articles required therewith for proper application and maintenance	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
549*a*	*Wool, not further prepared than scoured*	Free	Free	Free	Free	Free	Free
597*d*	*Harpsichords*	5 p.c.	7½ p.c.	30 p.c.	15 p.c.	17½ p.c.	30 p.c.
696*f*	*Apparatus, and parts thereof, for the heating of hot packs for use in the treatment of poliomyelitis*	Free	Free	Free	Free	Free	Free
700	*Goods imported for a period not exceeding three months for the purpose of display at a convention or a public exhibition, held by an association not engaged in business of a private or commercial character, at which the goods of various manufacturers or producers are displayed...*	Free	Free	Free	Free 15 p.c.	7½ p.c. 22½ p.c.	35 p.c. 30 p.c.
	The Minister may make regulations respecting the warehousing and bonding of such goods.						

2. Resolved, that Schedule A to the French version of the Customs Tariff be amended by striking out tariff items 328*a*, 386(*h*) and 389, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

328*a*	Pièces, non finies, pour la fabrication de montures de lunettes et de lorgnons.....	En franchise	5 p.c.	5 p.c.	En fr.	5 p.c.	5 p.c.
386	*h)* Feuilles, tôles, feuillards, bandes ou rubans, cémentés, trempés ou meulés, non autrement ouvrés que taillés en forme, sans bords dentelés, lorsqu'ils sont importés par des fabricants de scies pour servir exclusivement à la fabrication de scies dans leurs propres fabriques.....	En franchise	10 p.c.	12½ p.c.	En fr.	10 p.c.	12½ p.c.
389	Sur tout article énuméré dans les numéros 377, 377*a*, 378*a*), 378*b*), 378*c*), 388*a*, 388*b* et 388*c* de la présente liste, dont la valeur ne dépasse pas 6½ cents la livre, il sera imposé, perçu et payé, sous le régime de règlements prescrits par le Ministre, en plus des taux tarifaires énumérés dans ces numéros du Tarif, une surtaxe *ad valorem* de 5 p. 100 quand cet article contient l'un ou plus d'un des éléments suivants: *a)* Vanadium, 0·15 p. 100 ou plus au poids. *b)* Molybdène, 0·15 p. 100 ou plus au poids. *c)* Nickel, 0·4 p. 100 ou plus au poids. *d)* Chrome, 0·4 p. 100 ou plus au poids. *e)* Tungstène, 0·4 p.100 ou plus au poids. *f)* Cobalt, 0·4 p. 100 ou plus au poids. *g)* Manganèse, 1·0 p. 100 ou plus au poids. *h)* Silicium, 1·0 p. 100 ou plus au poids. *i)* Tout autre élément, qui ne consiste pas en fer ou en carbone, dépassant 5 p. 100 au poids.						

3. Resolved, that Schedule C to the French version of the Customs Tariff be amended by striking out item 1215 and by inserting therein the following item:

1215	Automobiles et véhicules à moteur de toute sorte, usagés ou d'occasion, fabriqués antérieurement à l'année civile pendant laquelle on cherche à les importer au Canada. Ce numéro ne doit aucunement viser les automobiles et véhicules à moteur: *a)* Importés sous le régime des numéros 702, 705*a*, 706, 707 ou 708 du Tarif, ou en vertu de permis pour véhicules de touristes ou de voyageurs; *b)* Importés par un colon authentique, à sa première arrivée, mais ne bénéficiant pas de la franchise en vertu du numéro 705*a* du Tarif; *c)* Achetés de bonne foi le ou avant le premier juin mil neuf cent trente et un, par des consommateurs pour leur propre usage et non pour la revente; *d)* Confisqués par suite d'une infraction aux lois douanières, ou aux lois de toute province du Canada; *e)* Provenant de legs; *f)* Exemptés des dispositions du présent numéro par un règlement du gouverneur en conseil dans un cas particulier ou une catégorie de cas particulière.

4. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 21st day of March, 1956, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

5. (1) Resolved, that Schedule C to the Customs Tariff be amended by striking out item 1209 and by inserting therein the following item:

1209	Any goods (a) *in association with which there is used any description that is false in a material respect as to the geographical origin of the goods, or* (b) *the importation of which is prohibited by an order under section 51 of the Trade Marks Act.*

(2) Resolved, that any enactment founded upon this resolution shall come into force six months after the day on which that enactment is assented to.

(See also Budget Papers, pages 2357 to 2449.)

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I don't think "there ain't going to be no election this year".

Mr. Harris: Mr. Speaker, I am sure the hon. member for Greenwood is happy.

Mr. Macdonnell: Mr. Speaker, I am always interested in the applause which follows the delivery of this speech but I am always surprised too. This year I am more surprised than ever. Of course, if those sitting opposite were government contractors I could quite imagine that the expenditure of $5 billion would be very agreeable to them, but why they are applauding so vigorously the expenditure of $5 billion, because there is certainly nothing else to applaud, I hardly know.

The minister to me is an interesting study and I want to reflect on him for a minute or two. When I say "reflect" I do not mean in any unpleasant sense of the word. I want to think aloud about him for a minute or two. I remember that a year ago last November the minister, in speaking in Montreal at the tax conference, used words which interested me a good deal. He was quite new then and he teased us along that night. I was not quite sure what he meant but he did say that he felt a certain awe of the fiscal instrument that he found in his hand which could compel Canadians to pay nearly $5 billion. The amount he mentioned then was $4,800 million.

Well, Mr. Speaker, I do not know how much awe the minister felt then but if he felt it he has certainly come a long, long way. We remember that last autumn we had legislation by letter—not by radio, as we had years before, but by letter. I felt that the minister was coming along when he did that, and tonight he takes it in his stride. Nothing seems to bother him. He seems to accept this authority that he has without question. He reminds me of the costermonger in the great general strike in England years ago. Vehicles had to move along the street with cards of permission. A costermonger was seen walking along with a barrow and as he got closer people could see a little card on the barrow which said this: "By kind permission of me own bloody self."

I feel that the minister is very much in that mood now, that we have just got to take what he does because, of course, with these serried ranks we must take what he does and be as well content with it as we can. The minister has been presented to us in various guises and I should like to ask which of them is correct and what he has done to live up to them. In the first place, the minister has been presented as a kind of prophet breathing fire and vengeance against all evil doers, all people who do not toe the straight and narrow line. Second, and this is really very amusing considering that, after all, he is only a lawyer, he has been presented to us as the barefoot boy from Markdale who is going to reintroduce austerity, thrift, saving and all the homely virtues which I suppose they once practised in Markdale. I do not know whether or not they do now. Third, we all remember the cartoon of a year ago in which he was represented as Hercules striking off the heads of the hydra, striking off the heads of the spenders. The head of the Minister of Justice (Mr. Garson) rolled, I remember. Why he should be picked out I do not know, but I can see his head. It was off.

When the minister came in last year without all the economies which had been foretold the excuse was that he really had not had a chance. Just wait until next year and then you will see what he will do. You will see how he will swing about then. Well, this is next year, Mr. Speaker, this is next year, and as far as I can make out none of the promises has been carried out. We are spending more than ever. The spenders have got hold of him. Last year we were told that he was good at subtraction and division but this year he is only good at addition and multiplication. He has a surplus of $125 million, yes, but it could have been $250 million if he had only taken $125 million more from us. It is all in his own hands and the boys will vote for it.

Of course, none knows better than he how many people like spending. That is one of the things, no doubt, that faces a minister of finance. It is one of the reasons the Minister of Trade and Commerce (Mr. Howe) has such a vogue because he, I suppose, has been the instrument of more spending than anyone else. Over the last 15 years, at any rate, he has spent by the billions, and people say: "Good old C.D."

Some hon. Members: Hear, hear.

An hon. Member: You have finally seen the light.

Mr. Macdonnell: I imagine there are even Conservatives who say "Good old C.D." if they happen to be in the contracting business. And now what about this budget?

An hon. Member: What budget?

Mr. Macdonnell: I was going to ask when is a budget not a budget, but at any rate we will come to that. I doubt if the minister's biographer will refer to it very fully. I venture that prediction. I have also predicted that there will be no election because, of course, if you are going to have an election money has got to be spent. Where would the Minister of National Health and Welfare be in an election if there were no promises to

make? We all remember Harry Hopkins, F.D.R.'s associate, and his motto, "Spend and spend, vote and vote, elect and elect." The minister shakes his head. That is the sense of it, at any rate.

The Minister of National Health and Welfare knows all about this. He says in effect: What are taxpayers for except to provide money to persuade them to vote for you? After all, does anybody know the fertilizing power of the spending of money in elections better than the Minister of National Health and Welfare? As I say, he gets the people's money and then persuades them to vote for him. I suppose the minister feels in his heart of hearts that he will never be defeated as long as the money holds out.

We must not ignore the budget although we could easily do so. It has got to be mentioned, but in fact there could hardly have been a budget which could have so little impact on the public consciousness. The gold industry will receive it with satisfaction. It will be interesting to those engaged in the industry and it will be interesting to see just what impact it has on general business, on exchange and such.

There being nothing to discuss in the budget, I propose to spend a few minutes discussing certain matters of government policy. I have asked myself very earnestly again and again what government policy is and I always come back to the same answer which does not seem to me to be any answer. I think government policy is the great United States boom. I think the government have sat back and have been content to be wafted along. They have hardly had a thought of their own. They have hardly had initiative of any kind, but the boom has carried them along. Delightful! George does all the work.

It would not be fair to say they have entirely ignored the matter of thinking about our problems but they have found a wonderful solution. They have handed it all over to the Gordon commission and they do not have to think at all. What is that line from Gilbert and Sullivan: "I always voted at my party's call and never thought of thinking for myself at all." I think you have it here. The boom comes along and carries them in its beneficent arms on the crest and then, so far as thinking is concerned, they have handed the matter over to the Gordon commission. Some day I think the Gordon commission will come in with some ideas and then no doubt the government will take notice of that fact and they may begin to think again. Who knows?

In the meantime I should like to ask about some of the things they might have been doing. There are people in this country to whom it is not of much interest to know that the estimated gross national product is $28 billion. You cannot eat the gross national product and you cannot wear it. There are many people who not only are not interested in it but who are not coming off very well. There are many sore spots in the country, and I think it would be reasonable to ask just what the government is doing about that matter. One of them was discussed in this house last night in an extremely interesting way, namely the dispersal of industry or rather of one particular aspect of the dispersal, namely in the maritime provinces. The discussion was extremely interesting. Views were expressed quite freely. When the cat is away the mice will play. The Minister of Trade and Commerce (Mr. Howe) was not in his seat and we had some extremely interesting views expressed from the other side of the house. I was delighted to hear what hon. members on the other side of the house had to say because it is exactly the kind of thing we on this side of the house have been saying for years, with nobody to give us a sympathetic ear. But last night the situation was quite different. I should like to read something that was said by the hon. member for Inverness-Richmond (Mr. MacEachen). It struck me as being sane and as absolutely contrary to what has been the attitude of the government in this matter for years. As reported at page 2288 of *Hansard*, he said:

> . . . I feel we are really following a great historical tradition in this house when we talk about policies that may serve to build up areas of Canada which up to the present have not participated in our prosperity in the manner that we all desire.

How true that is! We can all accept that statement in theory. It is well put. Yet what has been done about it? I have never believed that the Minister of Trade and Commerce, who is so influential, was very enthusiastic about it. I have here a quotation which is attributed to the minister. I am sure that it is believed and I know it is quoted in the maritime provinces. He has never denied it and I hope he will not deny it now because it represents what I have always felt about the minister's attitude. I have always felt that he was very cold, not interested and that is what this quotation shows: "Maritime rights? What are they? I have never heard. Birth and death and a free ride on the I.C.R." That does not seem to me to go very far to deal with the problem.

Mr. Howe (Port Arthur): Mr. Speaker, I rise on a point of order. My hon. friend will never find anywhere that remark attributed to me. I know to whom it was attributed but certainly it was not attributed to me.

Mr. Macdonnell: I am always sorry to differ from the minister, as he knows. But

he is quite wrong in saying that the remark was not attributed to him, because it was.

Mr. Howe (Port Arthur): Then bring on your quotation.

Mr. Macdonnell: I was very careful on that point. I said that I had been informed and by a most reliable authority that this quotation had been used and that it was believed in the maritime provinces. I will say this. If I myself were to describe what I believe is the minister's attitude towards the maritimes, I doubt if I could do it any better.

Mr. Howe (Port Arthur): Mr. Speaker, just so that we shall get the matter straight, I may tell my hon. friend that remark was made by the Hon. Charles Dunning and he regretted it for the rest of his life.

Mr. Macdonnell: I have great respect for Hon. Charles Dunning. It may be that he used words which the hon. gentleman may also have seen fit to use. The hon. gentleman is extremely forgetful. We know that. In any event, I will to this extent adopt them and say that I have always felt that the hon. gentleman never took the matter seriously. For example, I never felt that he could agree with the quotation that I read from the speech of the hon. member for Inverness-Richmond where he said:

> . . . I feel we are really following a great historical tradition in this house when we talk about policies that may serve . . .

And so on. That is what I myself feel. I feel that through no fault of their own the maritimes have not had a chance. Do we believe that the people in the maritimes are not as good as the rest of us? What is the story? We know that wherever they go, whether it be in Canada, the United States or further afield, they become leaders. They succeed far beyond the average. The reason that the maritimes have lagged behind is that they were disappointed in the expectations held out to them and that they did not, as far as I can see, get a fair deal as confederation worked out. Furthermore, as was stated by the same member in this house last night, I feel that much can be done. I shall not take the time in which to deal with that matter now. I have another chance at this subject.

I now want to say a word about unemployment. We talked a great deal about unemployment last year. We all agreed that it was extremely bad. It is only because it was extremely bad last year that we do not think it is bad this year. There are hundreds of thousands of our fellow citizens who are unemployed. To them a g.n.p. of $28 billion does not mean much. It does not give them much comfort when the Minister of Labour (Mr. Gregg), in answer to a question asked by my friend the hon. member for Hamilton West (Mrs. Fairclough), pointing out to him the extent of unemployment, says this. This is a quotation from his answer:

> I hope and believe we are learning many things which will be useful to us in the future.

That is not going to comfort the unemployed greatly. They cannot cash in on that statement. That is what I complain about. I believe that, from every sign right across the board, the government has been so dazzled, delighted and almost mesmerised by these great figures on which the Minister of Finance (Mr. Harris) gambled successfully a year ago that they have felt, "Well, boys, everything is fine; we don't need to do anything".

In the United States they have not behaved in that way. They have a boom in the United States. Things are going strong. But they do not use that fact as an excuse for sitting back and doing nothing for those who are not getting along well. They have vigorous organizations to deal with small business, to deal with the soft spots. As far as I can see, here we have nothing except the efforts of the Industrial Development Bank.

I want to say a word just in passing about the textile industry and its troubles, about the potato industry and its troubles, and about the rubber shoe industry suffering from the cheap labour in Hong Kong. I also want to say a word about another point which they make in the United States. The government there states—and I think correctly—that it is trying to "get out of the way", as Churchill said, and to let private enterprise deal with as many things as possible. The government is trying to get out of as many things as possible. Is that true here? As a matter of fact exactly the opposite is true here in certain cases. Here we actually keep private enterprise out. I am referring particularly to the T.C.A. I should like to quote briefly from the Winnipeg *Free Press* which the other day criticized the speech which the Minister of Transport (Mr. Marler) so nobly made in defence of his colleague the Minister of Trade and Commer who controls the T.C.A. The editor refers to the argument made by the Minister of Transport, which he does not think was very good, and he says this argument for tightly restricting licences is valid only so long as the traffic is light in reference to the initial investment by one operator. He goes on and speaks very strongly against monopoly. I do not know whether the minister, when he was in business, was so

successful that he had practically a monopoly, but whatever the reason is we all know that the minister has one curious side to him. Though he believes in private enterprise in theory, when it comes to practice he does not seem to be very keen about it.

Mr. Howe (Port Arthur): Except in pipe lines.

Mr. Macdonnell: Well, that is a matter we will come to later.

Mr. Fulton: That is a mongrel sort of private enterprise.

Mr. Macdonnell: We know the minister says there are many debates he does not like. We know he did not like the debate last summer and I presume he does not like the debate on the pipe line. Indeed, it has even been rumoured now that closure might be applied. I am not suggesting the minister is responsible, but that is a pleasant suggestion at the beginning of the debate. What I wanted to say was this. We have heard of the United States government's attempt to help people in private enterprise. Here we have this monopoly which is being maintained in spite of everything. I am glad to see there is a great deal of editorial comment against it. I hope it will not last long.

I want to say a word about the balance of trade and the balance of payments. The Minister of Trade and Commerce (Mr. Howe) told the hon. member for Eglinton (Mr. Fleming) the other day when he pointed out the tremendous unfavourable surplus with the United States and asked what was being done about it, that we were not doing anything. I believe that is taking it far too lightly. A competent journalist in the present *Financial Post* deals with the question and has some very serious things to say. He points out there may be several serious consequences flowing from it, one of them obviously being the possibility of a much greater depreciation in our dollar. It has gone down several cents, but as long as it still remains at par we do not worry. This writer points out that the "inflow" of capital in the last year was not sufficient to take care of the excess of our imports. We are living on our fat. We remember 1947 when, of course, conditions were different because then we had our dollar pegged at an entirely arbitrary and unreal rate. We did have legislation then, as we remember, of a restrictive nature.

Now, I want to come to an old friend we always have, the question of expenditure. The minister, as I say, has been taken over by the spenders. I want to refer to one aspect of the activities of the Minister of National Health and Welfare (Mr. Martin). It is delightful to know that the minister thinks of every one of us from the cradle to the grave and tries to help us on our way. I discovered to my great interest that he not only thinks of us ordinary people, but he thinks of the ministers too. I believe you will agree with me when I read one or two of the publications he has got out. There is a child training series, and one of these is, "Baby Talk, and what can be Done About it". I think when we recall the interest of the Minister of Citizenship and Immigration (Mr. Pickersgill) in the affairs of babies and his discriminating knowledge of them, we will feel that this "Baby talk and what can be done about it" is perhaps especially prescribed for him. He will be grateful to the minister. There is another one called "Temper, How Can I Control my Child's Outbursts?" There are members of the cabinet who might perhaps be interested in that too.

Now, coming to a more serious item of expenditure, I read with some interest that the defence expenditures, which last year had been $1,775 million, were to be exactly the same. I thought to myself, that is an extraordinary coincidence. Then, I thought again and I said it is not a coincidence at all; it simply means that is not a real estimate, that is just a figure thrown in. I feel that if one reflects about it, really that is one of the greatest, what shall I say, slights ever put upon this house. It means that we have had no estimate made. This does not go merely for the defence department, but it goes for the finance department. What right has the finance department to send an item of that kind which is no item at all, $1,775 million? We have had a slogan which has been passed around this house a good deal to the effect, what's a million? We will have to alter it now and say, what's $50 million or what's $100 million, when we deal with these fabulous figures.

One can only imagine the defence department saying, oh well, do not worry; pass it on to parliament and they will never notice. I am going to abandon the ordinary word arrogant for this, Mr. Speaker, and use a less dignified word. I think it is almost impudent when you have an item of that kind being produced and sent to this house on a serious item. After all, the finance department knows the situation. They know that senior retired military officers are questioning whether tens of millions of dollars are being spent unnecessarily because of a desire to keep up with the Joneses. They know that senior military officers have suggested that if we would build by licence from types developed in the United States, we might save tens of millions of dollars. This is a matter which has to be more closely scrutinized. I point out at the

same time that the defence department has not been allowed to go to the estimates committee, notwithstanding the efforts of the leader of this party for years to try to get to the bottom of the facts. So far as the government can see to it, we are going to be frustrated again.

I want to say just a word about dominion-provincial relations. The minister talked about it so long tonight that I knew he was uneasy in his mind. "Qui s'excuse s'accuse." I hope if I am wrong the Prime Minister will correct me, but I think it means he who excuses himself really accuses himself. I am going to say only a word about dominion-provincial relations. They have been bandied about for 10 years. Do not let us believe a final solution has been found. This is a step in the right direction but do not let us believe it is more than that. As a matter of fact, the reason it cannot be more than that is because it is only a palliative and because the whole principle of this approach is unsound. What the federal government is doing is trying to satisfy the immediate budget needs of the various provinces, when what they should be doing is trying to enable the citizens of the various provinces to be in a position where by their own production they would be able to be on a level with the other provinces. Now, that is the task.

Mr. Pickersgill: Go and say that in Newfoundland.

Mr. Macdonnell: That is the task in Newfoundland and everywhere else. I was glad to hear the hon. member for Inverness-Richmond (Mr. MacEachen) use words which I submit indicated that last evening. He knows that. I come back to it again. Why should people who are among the best of our whole population be left in a position where they appear—it is only appearance—not to be able to pull their weight, and where some people presume to regard them almost as if they were second class citizens.

What is the use of giving a man who cannot pay his way just a gift and leaving it at that? What he needs is to be put in a position where he can earn his own way. I state deliberately that I find no serious attempt to do that when we consider the billions and billions that have been spent. It may be said that in wartime you could not do it. But in those last years for anyone to tell me that there was not a great deal that could have been done to help the eastern provinces, as far as I am concerned, that argument will not work. I just do not believe it, and I say again that I have seen no sign of any earnest continuing endeavour. Commissions are piled on commissions, yes; here a little and there a little, bits and pieces but no real comprehensive continuing concerted, sincere attempt to get to the bottom of this problem.

May I say just a word about immigration? We have a feeble, uncertain, indecisive, wishy-washy policy, and it is bringing in its results. In 1954 we received 154,000 immigrants, and in 1955, 109,000. I do not think it is adequate to say that conditions in Europe have changed. I believe you will find a very different situation in Australia. But, of course, though the number of immigrants comes down we must not expect the expenses to come down in the same way. Actually, in 1955 the expense per immigrant to the department was $87 as against $33 in 1951.

Mr. Fulton: A measure of the minister's achievement.

Mr. Macdonnell: Mr. Speaker, I have gone on longer than I intended and longer than you approve and I shall end my remarks by saying that I am able to find no policy except the policy of being carried along by this roaring boom in the United States. I say that the spenders are in the saddle and the government is taking it easy. In the meantime, people from the United States are coming in and acquiring more and more of our Canadian companies, partly owing to the great deficit that we incur when we buy hundreds of millions of dollars' worth of goods for which we have to pay by getting money from the United States, and the Minister of Trade and Commerce says his department is doing nothing about it.

This is an alarming situation. A nation is not so very different from an individual. If an individual goes on spending more than he is making year after year he knows what happens to him, and in the long run, perhaps not too long run, that will happen to us. And so, Mr. Speaker, I say that in spite of all the sunshine which the minister gave us in the budget which he read, the fact is that the government is not dealing with the problems that face it, and that if they rely on booms that are to go on forever—well, it has never been a safe reliance in the past.

I move the adjournment of the debate.

On motion of Mr. Macdonnell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we will take supplementary estimates and interim supply.

Mr. St. Laurent (Quebec East): I move that the house do now adjourn.

Motion agreed to and the house adjourned at 9.47 p.m.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

ADMINISTRATION OF JUSTICE—PAROLE

Question No. 33—**Mr. Dinsdale:**

1. How many adult offenders in Canada have been placed on parole in each province for each of the years 1950 to 1955?
2. What has been the rate of recidivism among these parolees for each of the years 1950-55?
3. How many parole officers have been employed in each province for each of the years 1950-55?

Answer by: **Mr. Garson:**

1 and 2. Tickets of leave granted, showing province of destination on release, number of recidivists, rates of recidivism, showing different types, 1950-1955 inclusive.

Note:

(a) Revocation refers to a person who violated the conditions of his ticket of leave and was returned to prison to serve the remanent of his sentence.

(b) Forfeiture refers to a person who, while on ticket of leave was convicted of an indictable offence and was returned to prison to serve the remanent of his original sentence, in addition to the new sentence imposed for the new offence.

(c) Subsequent sentence to provincial institution refers to a person who successfully completed his ticket of leave, but was later convicted of a new offence and sentenced to a provincial institution.

(d) Subsequent sentence to penitentiary refers to a person who successfully completed his ticket of leave, but was later convicted of a new offence and sentenced to a penitentiary.

BRITISH COLUMBIA

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	85	63	74	87	78	133	520
(b) Instances and rate of recidivism—							
(1) Revocation	2	—	1	1	—	1	5
%	2·35	—	1·35	1·14	—	·75	·96
(2) Forfeiture	2	—	2	1	3	—	8
%	2·35	—	2·70	1·14	3·84	—	1·53
(3) Subsequent sentence to provincial institution	13	16	13	13	4	1	60
%	15·29	25·39	17·56	14·94	5·12	·75	11·53
(4) Subsequent sentence to penitentiary	6	3	6	5	1	—	21
%	7·05	4·76	8·10	5·74	1·28	—	4·03
TOTAL	23	19	22	20	8	2	94
%	27·05	30·15	29·70	22·98	10·25	1·50	18·07

ALBERTA

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	56	62	78	82	86	114	478
(b) Instances and rate of recidivism—							
(1) Revocation	1	3	4	1	—	1	10
%	1·78	4·83	5·12	1·21	—	·87	2·09
(2) Forfeiture	1	2	—	5	—	5	13
%	1·78	3·22	—	6·09	—	4·38	2·71
(3) Subsequent sentence to provincial institution	11	11	13	7	12	4	58
%	19·64	17·74	16·66	8·53	13·95	3·50	12·13
(4) Subsequent sentence to penitentiary	4	4	1	4	1	2	16
%	7·14	6·45	1·28	4·87	1·16	1·75	3·34
TOTAL	17	20	18	17	13	12	97
%	30·35	32·25	23·07	20·73	15·11	10·52	20·29

SASKATCHEWAN

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	28	33	14	21	27	41	164
(b) Instances and rate of recidivism—							
(1) Revocation	1	—	1	—	—	1	3
%	3·57	—	7·14	—	—	2·43	1·82
(2) Forfeiture	—	1	1	—	1	—	3
%	—	3·03	7·14	—	3·70	—	1·82
(3) Subsequent sentence to provincial institution	6	7	4	5	3	—	25
%	21·42	21·21	28·57	23·80	11·11	—	15·24
(4) Subsequent sentence to penitentiary	—	—	—	3	—	—	3
%	—	—	—	14·28	—	—	1·82
TOTAL	7	8	6	8	4	1	34
%	25·	24·24	42·85	38·09	14·81	2·43	20·73

MANITOBA

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	57	26	40	33	42	74	272
(b) Instances and rate of recidivism							
(1) Revocation	—	—	—	1	—	1	2
%	—	—	—	3·03	—	1·35	0·73
(2) Forfeiture	2	3	3	2	1	1	12
%	3·50	11·53	7·50	6·06	2·38	1·35	4·41
(3) Subsequent sentence to provincial institution	10	5	9	4	3	1	32
%	17·54	19·23	22·50	12·12	7·14	1·35	11·76
(4) Subsequent sentence to penitentiary	2	—	2	2	2	2	10
%	3·50	—	5·00	6·06	4·76	2·70	3·67
TOTAL	14	8	14	9	6	5	56
%	24·56	30·76	35·00	27·27	14·28	6·75	20·58

ONTARIO

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	158	138	111	170	175	338	1090
(b) Instances and rate of recidivism							
(1) Revocation	3	6	3	3	2	10	27
%	1·89	4·34	2·70	1·76	1·14	2·95	2·47
(2) Forfeiture	3	—	2	7	7	19	38
%	1·89	—	1·80	4·11	4·00	5·62	3·48
(3) Subsequent sentence to provincial institution	25	15	9	15	13	6	83
%	15·82	10·86	8·10	8·82	7·42	1·77	7·61
(4) Subsequent sentence to penitentiary	6	6	1	8	4	—	25
%	3·79	4·34	0·90	4·70	2·28	—	2·29
TOTAL	37	27	15	33	26	35	173
%	23·41	19·56	13·51	19·41	14·85	10·35	15·87

QUEBEC

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	435	326	328	361	403	460	2,313
(b) Instances and rate of recidivism—							
(1) Revocation	5	3	5	2	5	10	30
%	1·14	0·92	1·52	0·55	1·24	2·17	1·29
(2) Forfeiture	14	5	12	12	14	12	69
%	3·21	1·53	3·65	3·32	3·47	2·60	2·98
(3) Subsequent sentence to provincial institution	81	48	32	42	18	3	224
%	18·62	14·72	9·75	11·63	4·46	0·65	9·68
(4) Subsequent sentence to penitentiary	28	22	29	25	14	2	120
%	6·43	6·74	8·84	6·92	3·47	0·43	5·18
TOTAL	128	78	78	81	51	27	443
%	27·12	23·92	23·78	22·43	12·65	5·86	19·15

NEW BRUNSWICK

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	39	43	45	24	34	44	229
(b) Instances and rate of recidivism—							
(1) Revocation	—	2	4	—	1	2	9
%	—	4·65	8·88	—	2·94	4·54	3·93
(2) Forfeiture	1	1	1	—	1	—	4
%	2·56	2·32	2·22	—	2·94	—	1·74
(3) Subsequent sentence to provincial institution	3	4	—	5	1	—	13
%	7·68	9·30	—	20·83	2·94	—	5·67
(4) Subsequent sentence to penitentiary	2	1	5	3	—	—	11
%	5·12	2·32	11·11	12·50	—	—	4·80
TOTAL	6	8	10	8	3	2	37
%	15·38	18·60	22·22	33·33	8·82	4·54	16·15

NOVA SCOTIA

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	48	56	54	30	47	92	327
(b) Instances and rate of recidivism							
(1) Revocation	—	—	1	—	—	2	3
%	—	—	1·85	—	—	2·17	0·91
(2) Forfeiture	1	3	4	2	1	2	13
%	2·08	5·35	7·40	6·66	2·12	2·17	3·97
(3) Subsequent sentence to provincial institution	3	2	4	1	3	1	14
%	6·25	3·57	7·40	3·33	6·38	1·08	4·28
(4) Subsequent sentence to penitentiary	4	5	6	—	—	4	19
%	8·33	8·92	11·11	—	—	4·34	5·81
TOTAL	8	10	15	3	4	9	49
%	16·66	17·85	27·77	9·99	8·51	9·78	14·98

PRINCE EDWARD ISLAND

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	13	3	6	7	8	7	44
(b) Instances and rate of recidivism							
(1) Revocation	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
(2) Forfeitures	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
(3) Subsequent sentence to provincial institution	1	—	—	1	—	—	2
%	7·69	—	—	14·28	—	—	4·54
(4) Subsequent sentence to penitentiary	1	—	—	—	1	—	2
%	7·69	—	—	—	12·50	—	4·54
TOTAL	2	—	—	1	1	—	4
%	15·38	—	—	14·28	12·50	—	9·09

NEWFOUNDLAND

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	3	2	5	5	4	6	25
(b) Instances and rate of recidivism—							
(1) Revocation	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
(2) Forfeiture	—	—	2	—	—	—	2
%	—	—	40·00	—	—	—	8·00
(3) Subsequent sentence to provincial institution	1	—	—	—	—	—	1
%	33·33	—	—	—	—	—	4·00
(4) Subsequent sentence to penitentiary	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
TOTAL	1	—	2	—	—	—	3
%	33·33	—	40·00	—	—	—	12·00

YUKON AND N.W.T.

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	2	2	1	5	—	—	10
(b) Instances and rate of recidivism—							
(1) Revocation	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
(2) Forfeitures	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
(3) Subsequent sentence to provincial institution	—	—	—	—	—	—	—
%	—	—	—	—	—	—	—
(4) Subsequent sentence to penitentiary	—	—	—	1	—	—	1
%	—	—	—	20·00	—	—	10·00
TOTAL	—	—	—	1	—	—	1
%	—	—	—	20·00	—	—	10·00

Questions

CANADA (TOTALS)

	1950	1951	1952	1953	1954	1955	Total
(a) Tickets of leave granted	924	754	756	825	904	1309	5472
(b) Instances and rate of recidivism—							
(1) Revocation	12	14	19	8	8	28	89
%	1·29	1·85	2·51	0·96	0·88	2·13	1·62
(2) Forfeiture	24	15	27	29	28	39	162
%	2·59	1·98	3·57	3·51	3·09	2·97	2·96
(3) Subsequent sentence to provincial institution	154	108	84	93	57	16	512
%	16·66	14·32	11·11	11·27	6·30	1·22	9·35
(4) Subsequent sentence to penitentiary	53	41	50	51	23	10	228
%	5·73	5·43	6·61	6·18	2·54	0·76	4·16
TOTAL	243	178	180	181	116	93	991
%	26·29	23·60	23·80	21·93	12·83	7·10	18·11

3. The remission service maintains two regional offices, one in Montreal and one in Vancouver. These offices have been in operation since 1949. There are two field representatives in the Montreal office and one in the Vancouver office. In November 1954 another field representative was appointed, who is stationed in Ottawa.

Only part of the time of the field representatives is given to direct supervision of persons on ticket of leave. Direct supervision is usually given by staff members of (a) prisoners' after-care agencies across Canada, (b) provincial probation services in British Columbia, Saskatchewan, Ontario and Nova Scotia, and (c) the provincial parole service of Ontario. In the year 1949 supervision by a member of a social agency or a government service was provided in only 152 cases. In the year 1955 this type of supervision was arranged in 865 cases.

HOGS MARKETED AND CONSUMED, ALBERTA

Question No. 171—**Mr. Smith (Battle River-Camrose):**

1. How many hogs were marketed in the province of Alberta, in the years 1954 and 1955?
2. How many hogs were consumed in the province of Alberta, in the years 1954 and 1955?

Answer by: **Mr. Gardiner:**

1. No statistics available for slaughterings on farms and small establishments which do not come under inspection by the Department of Agriculture. The record of slaughterings in approved and inspected establishments of hogs originating in Alberta, together with exports, are as follows:

	1954	1955
In Alberta	1,062,551	1,239,532
In other provinces	399,219	446,355
Exported from Canada	14,479	5,306

2. The total per capita consumption of pork for Canada in 1954 is calculated by the dominion bureau of statistics at 53·7 pounds. Based on this figure the consumption of hogs in Alberta for 1954 would be approximately 350,000 hogs. Estimated consumption for 1955 has not yet been calculated.

AIR CONDITIONED GOVERNMENT BUILDINGS

Question No. 197—**Mr. Fraser (Peterborough):**

1. Are any buildings or offices owned or used by the government of Canada air conditioned?
2. If so, where are they located?
3. By what department or agency are they occupied?

Answer by: **Mr. Winters:**

1. Yes.

2 and 3. The records of the department indicate that the following buildings under the administration of this department which are air conditioned in whole or in part, except by means of window cooling units, are listed by location and occupancy:

Type of Air Conditioning	Location	Name or Address of Building	Occupied by
Air-conditioned throughout—Government-owned	Hull, Quebec	Printing bureau	Department of Public Printing and Stationery
	Windsor, Ontario	Sandwich-Windsor-Amherstburg—Railway building	Income tax
	Hamilton, Ontario	Old public building, King and John streets	Post Office Department
	Ottawa, Ontario	Supreme court	Department of Justice
Leased	Toronto, Ontario	385 Yonge street (air-conditioned by owner)	Department of Public Works
	Halifax, Nova Scotia	Industrial building	Department of National Health and Welfare
	Toronto, Ontario	215 Victoria street (air conditioned by owner)	Department of Transport
	London, Ontario	R.C.A.F. recruiting centre, 147 King street (air conditioned by owner)	Department of National Defence
Air-conditioned in part—Government-owned	Ottawa, Ontario	Food and drug laboratory, Tunney's pasture	Department of National Health and Welfare
	Ottawa, Ontario	Virus laboratory	Department of National Health and Welfare
	Ottawa, Ontario	Houses of parliament	Hansard distribution rooms
			Prime Minister's office
			House of Commons chamber
	Ottawa, Ontario	East block	Privy council chamber
	Montreal, Quebec	Old converters building, Lagauchetiere street	Department of National Revenue
	Montreal, Quebec	National Film Board building	National Film Board
	Halifax, Nova Scotia	Federal building	Post Office Department

TRANS-CANADA HIGHWAY, BANFF, ALTA.

Question No. 246—**Mr. Nickle:**

1. Were tenders invited by the dominion government for construction of a section of trans-Canada highway from mile 21 to mile 31 west of Banff in the province of Alberta?
2. If so, who were the persons who tendered and what was the price named in each tender?
3. To whom was the contract awarded?
4. Was it awarded to the lowest bidder, and if not, what were the considerations that influenced the government in its decision?

Answer by: **Mr. Winters:**

1. Yes.

2. J. A. Moulson Construction Ltd., $1,335,463.50; Square M Construction Limited and Coleman Collieries Limited, $2,184,207.50; Poole Engineering Company Limited, $2,206,948.50; Mannix Limited, $2,248,635.25; New West Construction Company Limited, $2,274,590.00; Standard Gravel and Surfacing of Canada, Limited, $2,298,460.00; W. C. Wells Construction Company Limited, $2,360,942.50.

3. Square M Construction Limited and Coleman Collieries Limited.

4. The lowest tenderer withdrew his bid.

CANADIAN NATIONAL RAILWAYS—PASSENGER TRAFFIC AND REVENUE

Question No. 251—**Mr. Hamilton (Notre Dame de Grace):**

For only those tickets which cover travel over at least some portion of the main transcontinental system of the Canadian National Railways, and for each of the three months May, June and July, 1955, what percentage change was recorded over the same months in the preceding year (a) in passengers; (b) in passenger revenue?

Answer by: **Mr. Marler:**

The Canadian National Railways advise as follows:

(a) May, 1955, ·02 per cent increase; June, 1955, 34 per cent increase; July, 1955, 10·5 per cent increase.

(b) May, 1955, no change; June, 1955, 24 per cent increase; July, 1955, 12·80 per cent increase.

APPLICATIONS, CANADIAN FARM LOAN ACT—EDMONTON

Question No. 297—**Mr. Smith (Battle River-Camrose):**

1. How many applications for loans under the Canadian Farm Loan Act were received by the Edmonton branch of this service for the year ending December 31, 1955?
2. How many of these applications were granted?
3. How many were refused?
4. How many are still under review?

Answer by: **Mr. Harris:**

The Canadian farm loan board advises as follows:

1. 497.
2. 338.
3. 93.
4. 66.

P.F.A.A.—AWARDS GRANTED

Question No. 313—**Mr. Pommer:**

1. What is the total amount of awards granted under the Prairie Farm Assistance Act for 1955 crop year to March 1, 1956?
2. What is the total number of awards for the same period by provinces?

Answer by: **Mr. Gardiner:**

1.

Province	No. of awards	Amount
Manitoba	8,725	$1,318,687.50
Saskatchewan	4,437	758,465.75
Alberta	5,738	905,734.25
British Columbia ..	225	33,625.75
Totals	19,125	3,016,513.25

2. See answer to No. 1.

RURAL MAIL CONTRACTS—TEMISCOUATA COUNTY

Question No. 315—**Mr. Balcer:**

For what period of time were the following rural mail contracts signed and what is the annual amount involved in each case: (a) Mr. Joseph Belanger (No. 2), St. Louis du Ha! Ha!, county of Temiscouata; (b) Mr. Rosario Belanger (No. 1), also of St. Louis du Ha! Ha!, county of Temiscouata?

Answer by: **Mr. Lapointe:**

(a) Contract authorized 17th February 1956, 4 years—$1560.

(b) Contract authorized 17th February 1956, 4 years—$1560.

POST OFFICE PERSONNEL—ANNUAL LEAVE

Question No. 322—**Mr. Knowles:**

1. With respect to postal employees, what is the basis for determining priority as to annual leave?
2. Is the basis for determining such priority the same throughout the postal service?
3. Does service for purposes of annual leave date from an employee's temporary appointment or permanent appointment?
4. Is the answer to this question the same for all branches of the postal service, and in all parts of the country?
5. Have there been any requests that the basis of annual leave be reconsidered? If so, is such reconsideration being given thereto?

Answer by: **Mr. Lapointe:**

1. Seniority.
2. No.
3. (a) Headquarters staff—Seniority determined by date of assignment to the unit according to class or grade. (b) Operating service—Seniority determined by both; depending upon the class of employee.
4. Yes.
5. Yes. Federated association of letter carriers requested change as it applies to supervisory letter carriers. Change will take effect on 1st April, 1956.

BUDGET PAPERS

presented by

the Honourable W. E. Harris, M.P.,

for the information of Parliament

in connection with the Budget of 1956-57

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FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1955, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government accounts for the fiscal year ended March 31, 1956.

PART I

ECONOMIC REVIEW OF 1955

PAGE

1. National Accounts—
   - National Income and Product 2361
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The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1955 estimates are preliminary and subject to revision.

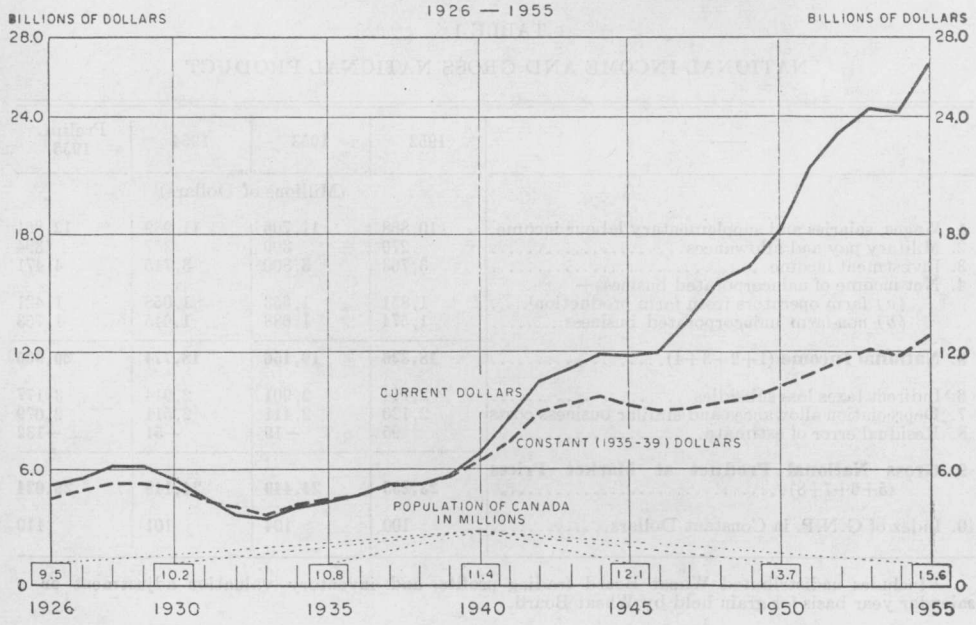
THE NATIONAL ACCOUNTS

National Income and Product

In 1955 there was a sharp economic recovery which regained the ground lost in 1954 and carried production and incomes to new peaks. The major factors in the recovery appear to have been the large increases in investment and in exports, the availability of credit and the resurgence of confidence engendered in part by the evidence of prosperous conditions abroad. Consequently, the slack which existed at the beginning of the year was rapidly reduced as the year progressed, and by the third quarter had virtually disappeared. Thus, the seasonally adjusted estimates of quarterly gross national product excluding agriculture indicate a rise of 2 per cent for the first quarter, 5 per cent for the second quarter, 3 per cent for the third quarter, and 1 per cent for the fourth quarter. For the year 1955 as a whole, gross national product is estimated at $26·6 billion, a very large increase of 10 per cent over the reduced ouput of 1954 and 9 per cent above 1953. The year-to-year increase in population was 2½ per cent and there was a like increase in the civilian labour force. However, after the first quarter of the year employment rose more rapidly than the labour force and there was a progressive reduction in unemployment which continued until the seasonal increase late in the year.

Since prices were on the average little higher than in 1954, most of the increase in the dollar value of gross national product represented a gain in real output. The volume of production increased by about 9 per cent of which the gain in agricultural production accounted for about one-sixth. The largest part of this increase in agricultural production was because of the change from a very poor western grain crop in 1954 to a considerably better than average crop in 1955. The volume of non-agricultural output rose by somewhat more than 7 per cent. The largest increases were in the goods-producing industries.

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT 1935-39 DOLLARS
1926 — 1955



Mining output rose by about 16 per cent and output of the construction industry rose by 12 per cent reflecting the large increase in home building and in non-residential construction. Manufacturing output as a whole increased by 7 per cent. Industries such as textiles and electrical apparatus which had experienced some difficulties in 1954 showed greater strength in 1955. For the services group the gain in output was somewhat less than for the whole non-agricultural sector but the output of services had expanded in 1954 when the goods-producing industries showed some reduction in output.

The improvement in economic activity in 1955 was reflected in the earnings of Canadians. Wages and salaries increased by 7 per cent. The major factor in the increase was the substantial rise in employment but there was also some increase in rates of pay and in the average number of hours worked per week. The rise in total labour income has continued without interruption throughout the post-war period including the year 1954 when national income declined.

In 1955 investment income increased by $756 million or by about one-fifth, and reached a total of $4,471 million. Although larger interest payments and rental income contributed to the increase, the principal factor was the expansion in corporate profits. Corporate profits are particularly sensitive to economic conditions. In 1950 and 1951 under conditions of active demand and with prices and production increasing substantially, corporate profits rose rapidly. In each of the three succeeding years despite large additions to plant and equipment, corporate profits declined as costs of production increased and as competition, particularly from imports, became more severe. With conditions of strong demand prevailing in 1955, with production consequently at or near capacity and with a further substantial increase in the country's stock of plant and equipment, corporate income recovered rapidly and reached a level estimated at $3 billion, 24 per cent above 1954 and 7 per cent above the previous high in 1951.

Net farm income rose by over one-third from the previous year's low level of $1,058 million, and reached a total of $1,421 million in 1955. The partial recovery of 1955 resulted from increases in production which were sufficiently

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income.	10,868	11,706	11,989	12,861
2. Military pay and allowances	270	309	367	394
3. Investment income	3,763	3,800	3,715	4,471
4. Net income of unincorporated business—				
(a) farm operators from farm production[1]	1,851	1,653	1,058	1,421
(b) non-farm unincorporated business	1,574	1,688	1,645	1,753
5. National Income (1+2+3+4)	**18,326**	**19,156**	**18,774**	**20,900**
6. Indirect taxes less subsidies	2,714	2,901	2,914	3,177
7. Depreciation allowances and similar business costs	2,120	2,411	2,511	2,679
8. Residual error of estimate	95	−19	−51	−132
9. Gross National Product at Market Prices (5+6+7+8)	**23,255**	**24,449**	**24,148**	**26,624**
10. Index of G.N.P. in Constant Dollars	100	104	101	110

[1] Includes undistributed Wheat Board trading profits, and inventory valuation adjustment on a calendar year basis for grain held by Wheat Board.

large to more than offset some further decline in agricultural prices. Most of the increase was because of a better than average western grain crop compared to the very poor harvest of 1954. It is estimated that this factor alone accounted for an increase of some $300 million. Despite the recovery, however, net farm income was 14 per cent below the level of 1953. In this same two-year period, the agricultural labour force declined by 4 per cent. Whereas net farm income rose by $363 million in 1955, farm cash income fell by $55 million. The principal reason for this is found in the movement of inventories. Accrued net farm income is based on the value of annual production at current market prices, whereas farm cash income only takes into account final sales and excludes that part of production which is added to inventories. Thus in 1955, largely due to the increased grain crop, part of output was added to inventories and was not reflected in farm cash income.

Net income of non-farm unincorporated business increased by 7 per cent in 1955 compared to a decline of 3 per cent in the preceding year. There was a recovery in retail trade from the decline in the previous year. However, by far the greatest part of the increase in income in 1955 occurred in construction.

National Expenditure

The buoyancy of demand at home reinforced by the recovery in the United States and the continued strength of overseas markets, affected most sectors of the Canadian economy during 1955. Although shortages were not common and an overall balance between supply and demand was achieved at a high level of economic activity, some strain on the supply of certain commodities such as

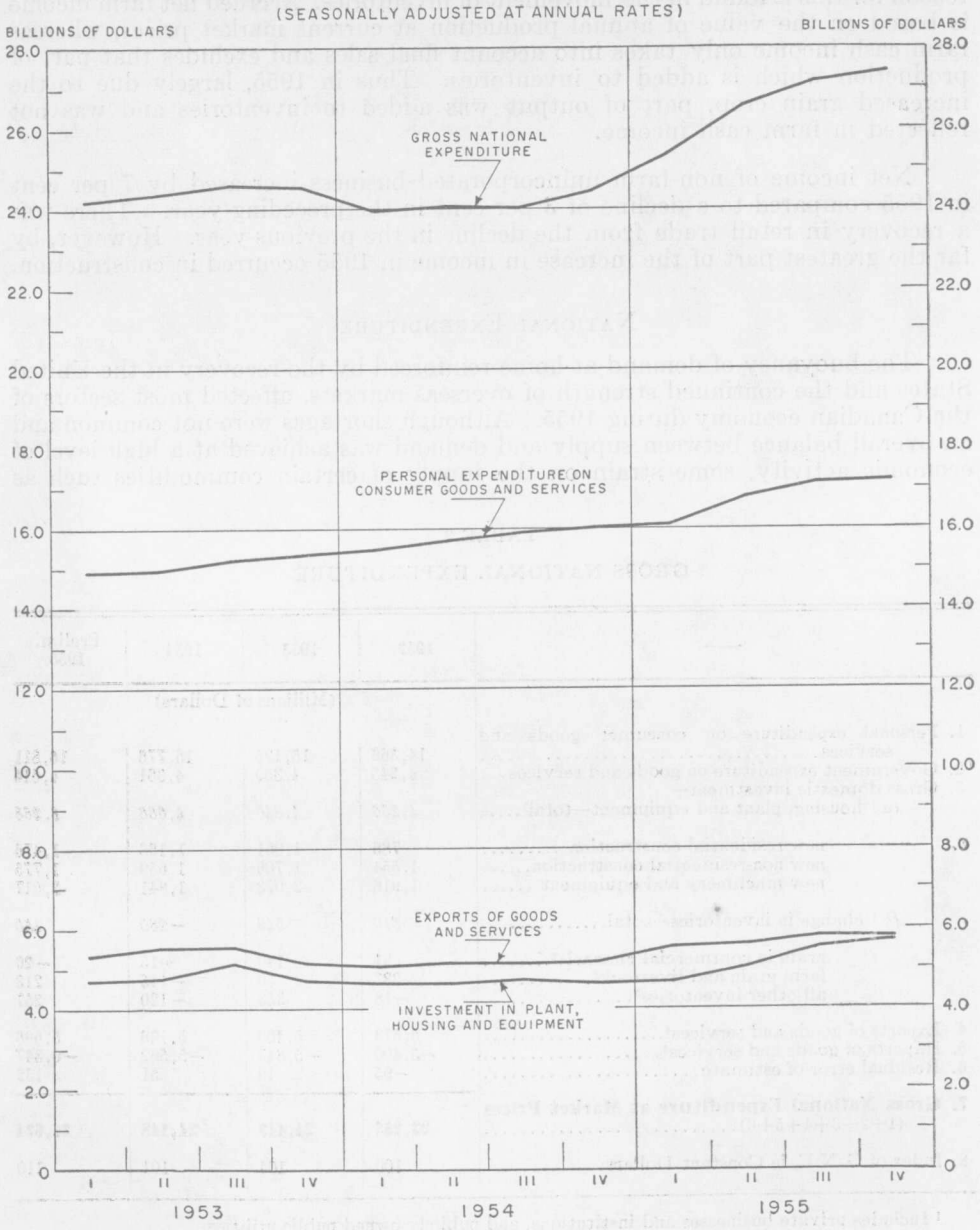
TABLE 2

GROSS NATIONAL EXPENDITURE

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	14,366	15,125	15,776	16,811
2. Government expenditure on goods and services	4,245	4,359	4,361	4,614
3. Gross domestic investment—				
(a) housing, plant and equipment—total[1]	*4,256*	*4,840*	*4,666*	*5,268*
new residential construction	786	1,061	1,166	1,476
new non-residential construction	1,554	1,706	1,659	1,775
new machinery and equipment	1,916	2,073	1,841	2,017
(b) change in inventories—total	*810*	*549*	*−280*	*450*
grain in commercial channels[2]	91	146	−15	−20
farm grain and livestock[2]	237	50	−145	213
all other inventories[3]	−18	353	−120	257
4. Exports of goods and services[4]	5,573	5,400	5,136	5,696
5. Imports of goods and services[4]	−5,400	−5,843	−5,562	−6,347
6. Residual error of estimate	−95	19	51	132
7. Gross National Expenditure at Market Prices (1+2+3+4+5+6)	**23,255**	**24,449**	**24,148**	**26,624**
8. Index of G.N.E. in Constant Dollars	100	104	101	110

[1] Includes private businesses and institutions, and publicly owned public utilities.
[2] Value of physical change.
[3] Change in value. Includes privately financed industrial and trade inventories.
[4] Minor adjustments have been made to the figures of current receipts and payments shown in Table 10 and in "The Canadian Balance of International Payments, 1952 to 1955", Dominion Bureau of Statistics, to achieve consistency with the other component series.

QUARTERLY MOVEMENTS
GROSS NATIONAL EXPENDITURE AND SELECTED COMPONENTS
(SEASONALLY ADJUSTED AT ANNUAL RATES)



steel, non-ferrous metals and building materials became apparent in the course of the year. Prices of these commodities rose, particularly in the latter half of the year and together with the higher level of wages resulted in cost increases. This affected prices throughout the investment field; but despite these cost increases competition was sufficiently effective to bring about lower prices at other points, notably in consumer durable goods. Final sales increased at a rapid rate and this had a dampening effect on the growth of business inventories. Although there was some increase in business inventories during 1955, it was in part a reaction from the decline during the short recession of 1954. Business inventories as a proportion of sales remained below the level of 1953.

Expenditures by consumers on goods and services represent the largest single claim on production. In 1955, consumer expenditures rose by more than 6 per cent compared with an increase of 4 per cent in the previous year. The rise in consumption during 1954 took place in the face of declining economic activity and indicated a considerable degree of strength in consumer outlays closely related to the growth in labour income. In 1955, consumption rose somewhat less rapidly than gross national expenditure as a whole but at a rate more consistent with the underlying longer-term growth factors. The experience of the last two years serves to emphasize the stable pattern and the sustained stimulus to production which has characterized the rising trend in consumer expenditure throughout the post-war years.

The increase of $1,035 million in consumer expenditure in 1955 accounted for 42 per cent of the total expansion in gross national expenditure. On a seasonally adjusted basis, consumption rose throughout the year. After a relatively slow start in the first quarter, consumer outlays increased rapidly during the spring and summer months and continued to expand at a lesser though substantial rate in the fall. The fourth quarter increase was relatively small. With consumer prices practically stable there was a comparable increase in the volume of consumption. Per capita real consumption was 4 per cent above 1954, one of the largest increases of the post-war period.

Government expenditures on goods and services, which had remained stable in 1954 because increases in non-defence expenditure were offset by declines in outlays for defence, increased by about 6 per cent in 1955 and reached a total of $4,614 million. About two-thirds of this increase was accounted for by increased expenditures of provincial and municipal governments. Federal government defence expenditure, which had declined by $180 million in 1954, rose by $33 million or 2 per cent but remained about 8 per cent below the peak reached in 1953. With an increase in non-defence expenditures of $52 million, total federal expenditure on goods and services reached a level of $2,498 million, 3 to 4 per cent above 1954.

Investment expenditures, which had declined by 4 per cent in 1954 and contributed to the weakness of that year, played a dynamic role in the economy in 1955 and were a major factor in the recovery. Gross domestic investment exclusive of inventory change rose by 13 per cent or $602 million in 1955 and accounted for 24 per cent of the increase in gross national expenditure. Slightly more than one-half of the total increase in 1955 was accounted for by the striking increase in residential construction; 138,000 housing units were started and the value of construction rose 27 per cent above the previous year. This increase followed a growth of 10 per cent in 1954, a year when other investment declined, and a 35 per cent increase in 1953. Since 1952, investment in housing has almost doubled and has risen from 18 per cent to 28 per cent of total capital investment. As in 1954, residential construction was stimulated by fairly easy financing under the National Housing Act, which provides as well for the insurance of loans on residential real estate, and by the availability of credit. It was supported as

well by the substantial growth in population and incomes. Non-residential construction, which had declined by 3 per cent in the previous year, rose by $116 million in 1955, and reached a level 4 per cent above the previous peak in 1953. Investment outlays for new machinery and equipment, which had declined by 11 per cent in 1954, recovered substantially and rose by $176 million or almost 10 per cent in 1955.

Inventories of farm grain and livestock and grain in commercial channels increased by $193 million in 1955 compared to the decline of $160 million in 1954. Most of this variation between the two years was because of wheat. A very poor western crop in 1954 led to the running down of inventories while the very good crop of 1955 resulted in a substantial build-up. The value of business inventories increased by $257 million in contrast to the previous year when there had been a decline of $120 million. However, little more than half of this net change of $377 million between the two years represents increased investment in 1955 since price changes were almost as important as volume changes. In volume terms business inventories increased by somewhat less than 2 per cent in 1955 compared with the decline of about 1 per cent in 1954.

Notwithstanding the great increase in domestic demand during the post-war period, the level of exports remains a strategic factor in Canadian economic prosperity. Exports exerted a great stimulus on the economy in 1955, rising by $560 million or 11 per cent to a level 2 per cent above the previous peak in 1952. Imports rose even more sharply and the trade deficit for 1955 was therefore greater than in the previous year.

Personal Income and its Disposition

Personal income differs from national income in a number of ways although the components of these two totals are for the most part similar or identical. While national income is the total of the annual earnings of Canadian residents from the production of goods and services, personal income is the sum of the current receipts of income regardless of whether these receipts are earnings from production. For example, personal income includes only that part of

TABLE 3

SOURCES OF PERSONAL INCOME

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income.	10,868	11,706	11,989	12,861
Deduct: Employer and employee contributions to social insurance and government pension funds	−358	−390	−395	−416
2. Military pay and allowances	270	309	367	394
3. Net income received by farm operators from farm production[1]	1,882	1,658	1,085	1,396
4. Net income of non-farm unincorporated business	1,574	1,688	1,645	1,753
5. Interest, dividends and net rental income of persons[2]	1,566	1,669	1,825	2,010
6. Transfer payments to persons (excluding interest)—				
(a) from government	1,360	1,460	1,601	1,706
(b) charitable contributions made by corporations	27	28	28	34
(c) net bad debt losses of corporations	25	28	28	28
7. Personal Income (1+2+3+4+5+6)	**17,214**	**18,156**	**18,173**	**19,766**

[1] Excludes undistributed profits of the Wheat Board and an inventory valuation adjustment on a calendar year basis for grain held by the Wheat Board.
[2] Includes all government debt interest paid to persons.

corporation profits which is actually received by Canadian persons as dividends. On the other hand, transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, are part of personal income although they are not payments for services and, therefore, do not form part of national income.

In 1954 the modest rise in salaries and wages, in certain elements of investment income, and in transfer payments was offset by the large decline in farm income; and for the first time in the post-war period there was no gain in total personal income. In 1955, however, improved business conditions brought about a large increase in labour income and there was at the same time a substantial recovery in net farm income because of a better western grain crop. These were the major factors in the increase of $1,593 million or 9 per cent in total personal income. Labour income, which is by far the largest element in personal income, rose by $872 million or 7 per cent, and accounted for 55 per cent of the total increase. About 20 per cent of the increase in total personal income accrued to farmers while the other major components, income from unincorporated business and from investment and transfer payments, together contributed 25 per cent to the expansion in personal incomes. A little more than one-quarter of the $111 million increase in transfer payments was due to payments under the Prairie Farm Assistance Act. As in previous years, social security benefits such as old age pensions and family allowances, rose during the year. These increases were partly offset, however, by a decline in unemployment insurance benefits as the labour market improved.

Despite substantially higher personal incomes, personal direct taxes increased by only 4 per cent for the year. Personal income tax collections remained practically unchanged, largely because reductions effective July 1, 1955 in the federal tax rates tended to offset the effect of increases in total taxable income. The yield from succession duties and other miscellaneous taxes for all three

TABLE 4

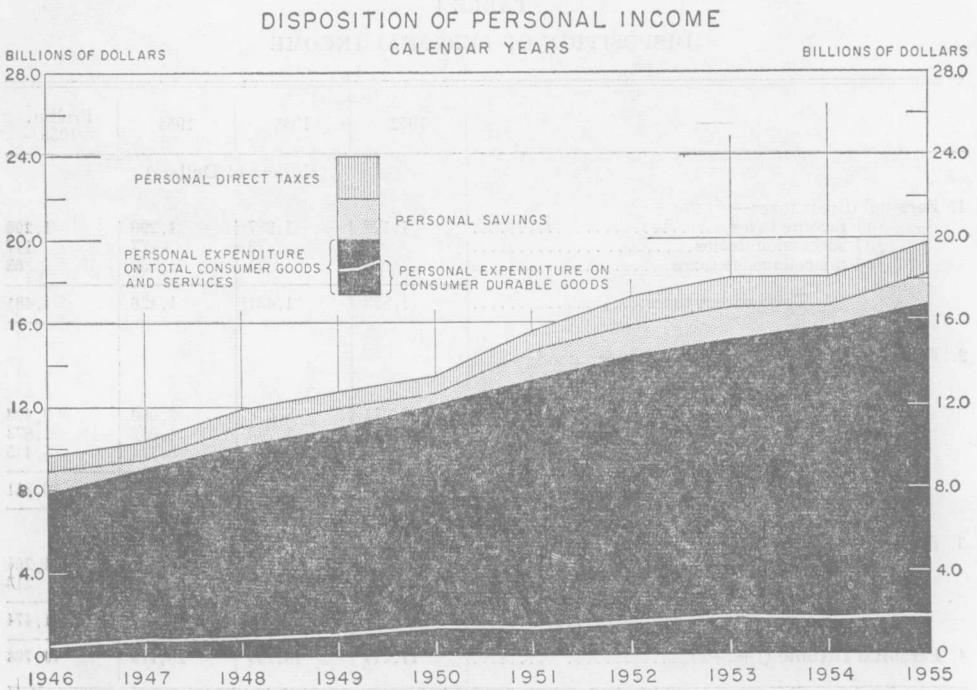
DISPOSITION OF PERSONAL INCOME

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
1. Personal direct taxes—				
(a) income taxes	1,177	1,287	1,290	1,296
(b) succession duties	73	73	77	117
(c) miscellaneous taxes	73	71	59	68
Total direct taxes	1,323	1,431	1,426	1,481
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	8,374	8,578	8,980	9,493
(b) durable	1,588	1,793	1,682	1,873
Services	4,404	4,754	5,114	5,445
Total consumer expenditure	14,366	15,125	15,776	16,811
3. Personal saving—				
(a) personal saving excluding farm inventories	1,288	1,550	1,116	1,261
(b) change in farm inventories	237	50	−145	213
Total personal saving	1,525	1,600	971	1,474
4. Personal Income (1+2+3)	**17,214**	**18,156**	**18,173**	**19,766**

levels of government combined rose by $49 million during 1955. Since the growth in personal incomes was not offset to any substantial extent by an increase in personal direct taxes, Canadians had considerably more money available for spending and saving.

Personal disposable income, or personal income after deduction of direct taxes, rose by $1,538 million or 9 per cent in 1955. There was a large increase in personal saving from current income but this was for the most part because of the change in saving in the form of farm inventories which was largely involuntary. In 1954, farm inventories declined by $145 million while there was an increase of $213 million in 1955. Exclusive of the change in farm inventories, personal saving from current income rose by only $145 million to $1,261 million in 1955. There was, therefore, practically no change in personal saving exclusive of farm inventories between 1954 and 1955 when calculated as a proportion of disposable income. In 1955, personal saving exclusive of farm inventories constituted 6·9 per cent of disposable income compared with 6·7 per cent for the year 1954.

Percentagewise the largest increase in consumer spending was in expenditures on durable goods which rose by 11 per cent in 1955 compared with a decline of 6 per cent in 1954. Since there was a noticeable decline in the prices of certain durable goods during 1955, the volume increase was larger and is estimated at 17 per cent. There was a striking increase in purchases of passenger cars as well as substantial increases in expenditures on home appliances and furniture. Outlays on non-durable goods expanded more slowly and rose by 6 per cent in 1955 compared with an increase of 5 per cent in the previous year. On the average, prices of non-durable goods did not change appreciably although there was a very slight downward movement for the year. Higher outlays on food and beverages accounted for about one-half of the overall increase in expenditures on non-durable goods.



On a seasonally adjusted basis, the rise in purchases of consumer goods was particularly sharp in the second quarter of 1955. In terms of value, the increase over the first quarter was 5 per cent for non-durable goods and 12 per cent for durable goods. During the third quarter of 1955, further gains were made but the rate of increase was more moderate. In the fourth quarter, spending on durable goods actually declined although it remained 4 per cent above the second quarter of 1955, and 20 per cent above the fourth quarter of 1954. Outlays on non-durable goods continued to rise moderately in the fourth quarter and were 6 per cent above the comparable period in the previous year. Spending on consumer services expanded steadily throughout the year but the largest increase occurred in the fourth quarter. Expenditures on shelter, education and transportation accounted for some of the major increases. For the year as a whole, consumer spending on services rose by 6 per cent, of which more than one-third was due to higher prices.

Source and Disposition of Saving

Saving is the source from which investment expenditure is financed. In addition to personal saving, which is discussed in the preceding section, there is business saving and government saving.

In 1955, total saving increased by $1,188 million or 30 per cent. This is in contrast to 1954 when saving declined by about one-fifth. All three major sectors, business, persons and government, contributed to the increase in saving.

Government saving is represented by the surplus of revenues over expenditures for all three levels of government combined. In the calendar year 1955, revenues as shown for National Accounts purposes exceeded expenditures both current and capital by $269 million. This compares with a surplus of $18 million in 1954, the smallest surplus of any post-war year. The increase in government saving between 1954 and 1955 as shown in Table 5 has no fiscal significance and was produced in the federal accounts by the adjustment of corporate tax revenue to an accrual basis. Excluding the effect of this adjust-

TABLE 5

SOURCES OF SAVING

	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
Personal saving	1,525	1,600	971	1,474
Gross business saving—total	*2,736*	*3,131*	*3,073*	*3,588*
(a) Undistributed corporation profits	667	748	617	913
(b) Depreciation allowances	2,120	2,411	2,511	2,679
(c) Net bad debt losses of corporations	−25	−28	−28	−28
(d) Undistributed Wheat Board trading profits and inventory valuation adjustment on grain held by Wheat Board	−31	−5	−27	25
(e) Inventory valuation adjustment[1]	5	5	...	−1
Adjusted government surplus (+) or deficit (−)[2]	288	253	18	269
Residual error of estimate[3]	95	−19	−51	−132
Total	4,644	4,965	4,011	5,199

[1] The adjustment has been made only to grain held in commercial channels.
[2] See Table 9.
[3] See Tables 1 and 2.

ment, government saving was actually negative in 1955, the small surplus of provincial and municipal governments combined being slightly more than offset by a modest deficit in the federal accounts.

Business saving is composed of two principal items, depreciation allowances and undistributed profits. Both of these items increased in 1955 but at a considerably different rate. With the continued growth of physical assets, depreciation allowances increased in 1955 by $168 million or 7 per cent. Undistributed profits are affected by the change in total profits, by the amount paid in direct taxes, and by amounts paid out as dividends. Corporation profits are estimated to have risen by $580 million in 1955. Although there was an increase in tax liabilities of $196 million and an increase in dividends paid out of $88 million, there was also a very sharp rise in undistributed profits, amounting to $296 million. This rise in undistributed profits contributed about three-fifths of the total increase of $515 million or 17 per cent in business saving. Business saving is much the largest element in total saving and constituted 69 per cent of total saving in 1955 compared with 77 per cent in 1954.

It is estimated that Canada's total payments abroad on current account exceeded total receipts by $651 million in 1955 and the increase of like amount in net foreign liabilities was considerably greater than in 1954. The deficit on current account in 1955 was financed, as in previous years, by capital inflows

TABLE 6

DISPOSITION OF SAVING

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
Gross domestic investment—				
Housing, plant and equipment	4,256	4,840	4,666	5,268
Change in inventories	310	549	−280	450
Net increase in foreign assets (including foreign exchange) adjusted[1]	173	−443	−426	−651
Residual error of estimate[2]	−95	19	51	132
Total	4,644	4,965	4,011	5,199

[1] Minor adjustments have been made to the figures appearing in Table 10.
[2] See Tables 1 and 2.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
Corporation profits before taxes[1]	2,670	2,580	2,420	3,000
Deduct corporation taxes[2]	−1,378	−1,226	−1,164	−1,360
Corporation profits after taxes	1,292	1,354	1,256	1,640
Deduct dividends paid out[3]	−625	−606	−639	−727
Undistributed corporation profits[4]	667	748	617	913

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[2] Taxes paid or payable in respect of the calendar year's income (See Table 9).
[3] Includes charitable contributions made by corporations (See Table 3 Item 6 (b)).
[4] See Table 5.

from abroad and there was no significant change in Canada's reserve of foreign exchange. Although the amount of capital from abroad was considerably larger in 1955 than in 1954, it was only moderately more important in the nation's financing because of the higher level of domestic investment in 1955. Direct investment continued to be the largest single source of funds from abroad and Canadian borrowing abroad was much smaller than in previous years. These transactions are treated more fully in the section on the Balance of International Payments.

Investment and Capital Expenditure

Table 8 gives the industrial distribution of business capital expenditures and brings them together with public capital outlays included in government expenditures on goods and services in Table 2. At the same time a reconciliation is provided between gross domestic investment in housing, plant and equipment as it appears in Table 2 and total capital outlays shown in Table 8.

The total of public and private capital expenditures is estimated to have increased by $610 million or 11 per cent in 1955. This is considerably in excess of the 6 per cent increase forecast at the beginning of the year on the basis of

TABLE 8

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
Agriculture and fishing	555	546	388	424
Forestry	39	34	46	62
Mining, quarrying and oil wells	211	257	278	301
Manufacturing	973	969	822	939
Electric power, gas and water works	583	548	483	471
Transportation, storage and communications	576	661	641	570
Construction industry	73	91	97	107
Trade, finance and commercial services	344	526	582	578
Institutions	278	301	337	409
Housing	826	1,084	1,178	1,496
Government departments	827	824	768	873
Total Capital Expenditure[1]	**5,285**	**5,841**	**5,620**	**6,230**
Total Capital Expenditure as a percentage of Gross National Expenditure	22·7	23·9	23·3	23·4
Index of total Capital Expenditure in Constant Dollars	100	107	103	111

[1] For reconciliation with Gross Domestic Investment in housing, plant and equipment in Table 2, see below.

	1952	1953	1954	Prelim. 1955
Public and Private Capital Expenditure—Table 8	5,285	5,841	5,620	6,230
Deduct:				
Provincial hospitals and schools, and municipal schools	−159	−151	−169	−214
Government housing excl. C.M.H.C. rental housing	− 40	− 23	− 12	− 20
Direct government department outlays	−827	−824	−768	−873
Other	− 3	− 3	− 5	− 5
Add:				
Unallocated Adjustment[2]	....	....	....	150
Gross Domestic Investment in Housing, Plant and Equipment—Table 2	4,256	4,840	4,666	5,268

[2] This figure represents an upward revision to data given in "Public and Private Investment, Outlook 1956", Department of Trade and Commerce, to take account of later available information.

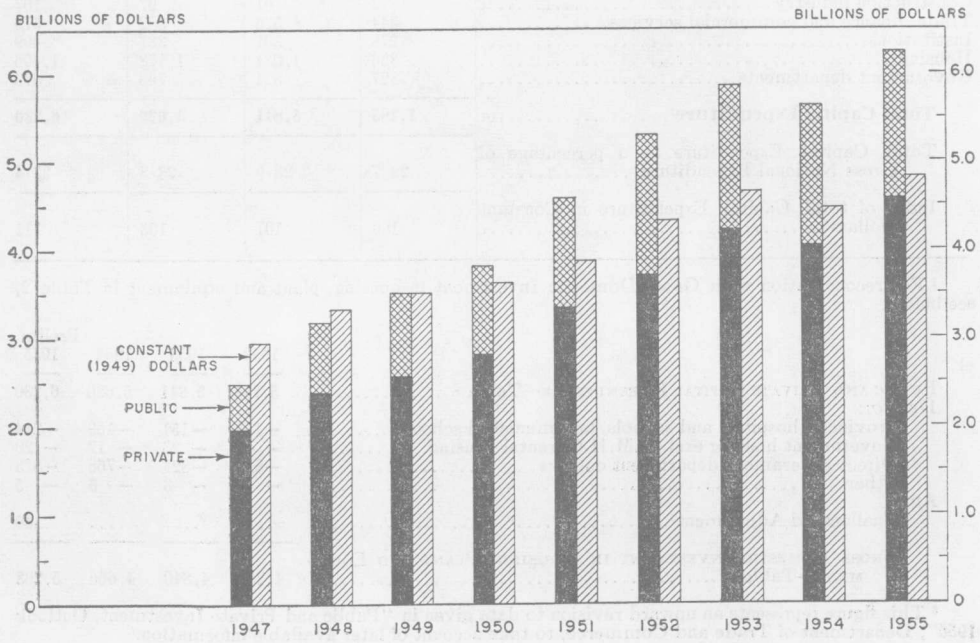
business intentions and illustrates the rapid recovery in capital outlays during 1955. Total capital outlays for 1955, including both government and business, reached a new high of $6,230 million, or about 7 per cent above the previous peak in 1953.

Almost all major industrial groups spent more money for capital purposes in 1955. The goods-producing industries increased their expenditures by 12 per cent. More than one-half of this expansion occurred in manufacturing with investment up by $117 million or 14 per cent. The greater part of this new investment was concentrated in the export industries. More moderate increases occurred in the construction industry and in primary industries other than forestry, where capital outlays rose by over one-third.

The major increases during 1955 in investment in manufacturing were concentrated in raw material processing and in the chemical industry. Thus, expenditure on plant and equipment for making paper products rose by $50 million or 58 per cent to a total of $138 million. This was the largest amount invested in manufacturing in 1955 and was followed by petroleum and coal products with total capital outlays of $108 million. Investment rose by $30 million in the non-ferrous metal group, and $21 million in the chemical industry, each being an increase of more than 50 per cent. Apart from these few key industries which determined the upward movement of manufacturing investment as a whole, the remaining industries followed a mixed pattern of moderate increases and decreases.

New investment in public utilities declined during 1955 by $83 million or 7 per cent to a total of $1,041 million. Most of this decline was due to the reduction of $77 million in capital outlays for steam railways and telegraphs. Decreases also occurred in expenditures on municipal water works and central electric stations. At the same time, large-scale projects scheduled in gas dis-

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



tribution and work associated with the St. Lawrence Seaway remained still in their initial stages so that the impact was relatively minor as far as investment in 1955 is concerned. There was a further extension of telephone facilities and a sizeable expansion in outlays by motor carriers.

The increase in urbanization and a steadily improving standard of living during the post-war period resulted in a marked growth of investment in the trade, finance and commercial services group. This expansion provided an important offset to declines in expenditures by defence-supported industries in the years following the Korean war. Capital outlays in the trade, finance and commercial services sector grew by almost 70 per cent between 1952 and 1954. In 1955 this upward trend was arrested although outlays continued at the relatively high level of $578 million. Within this total, a decline in expenditures by the trade and finance group was almost balanced by an increase in outlays for commercial enterprises.

Associated with the growth in population, the need for additional facilities continued in the institutional field during 1955. Out of a total increase of $71 million in investment by institutions, about one-half was accounted for by the building of new schools. Hospitals absorbed $25 million more than in 1954, raising capital expenditures of these institutions by 21 per cent to a total of $147 million. Governments increased their capital outlays by $106 million or 14 per cent.

Revenue and Expenditure of All Governments

In Table 9 "Government Transactions Related to the National Accounts" an attempt is made to bring together in one statement and under uniform headings, the activities of all governments in Canada on a calendar year basis.

The table is designed to include only those transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here differ from those shown in the various public accounts. It has been necessary to adjust the governments' accounting statements of fiscal year revenue and expenditure to exclude certain transactions such as those relating to reserves, write-offs, amortization, and other similar items, as well as the purchase and sale of existing capital assets; and to include the transactions of extra-budgetary funds such as unemployment insurance, old age security, workmen's compensation and government pension funds. In addition, corporate taxes have been adjusted to an accrual basis in the federal accounts. Total expenditure includes both current and capital expenditure but government loans and investments and debt retirement are excluded. Municipalities are for the most part on a calendar year basis but the provincial and federal fiscal year figures are adjusted to the calendar year basis. Some of the more substantial adjustments to the federal accounts are shown in the reconciliation statement appended to Table 9.

The surplus or deficit as calculated for national accounts purposes is affected by the adjustment of federal revenue to place corporation taxes on an accrual basis. In 1954 the adjustment was of moderate size and increased revenue by $43 million. In 1955 the adjustment was very large and increased revenue by $291 million. Excluding the effect of this adjustment, which has no relevance from a fiscal standpoint, the revenues and expenditures for all levels of government combined were approximately in balance in both years, and the overall fiscal effect of government operations was approximately neutral.

Income and expenditure of provincial and municipal governments both increased by about 9 per cent, and the modest surplus of $23 million in 1954 was virtually unchanged in 1955. In the federal accounts, excluding adjustment for

TABLE 9

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	1,323	1,431	1,426	1,481
Income—				
Federal	1,177	1,287	1,277	1,269
Provincial and Municipal	.....	.....	13	27
Succession Duties—				
Federal	39	40	41	55
Provincial	34	33	36	62
Miscellaneous—				
Federal	7	2	1	1
Provincial and Municipal	66	69	58	67
Direct Taxes—Corporations	1,378	1,226	1,164	1,360
Income—				
Federal	1,269	1,150	1,100	1,295
Provincial	109	76	64	65
Other Direct Taxes—				
Withholding taxes—Federal	55	54	58	67
Indirect Taxes	2,814	3,011	3,001	3,254
Federal	1,595	1,697	1,612	1,744
Provincial and Municipal	1,219	1,314	1,389	1,510
Investment Income	532	562	563	618
Federal	217	225	223	261
Provincial and Municipal	315	337	340	357
Employer and Employee Contributions to Social Insurance and Government Pension Funds	358	390	395	416
Federal	230	250	255	272
Provincial and Municipal	128	140	140	144
Transfers from Other Governments—				
Provincial and Municipal	368	412	430	450
Total Revenue	6,828	7,086	7,037	7,646
Federal	4,589	4,705	4,567	4,964
Provincial and Municipal	2,239	2,381	2,470	2,682
Deficit (or surplus—)	**−288**	**−253**	**− 18**	**−269**
Federal[1]	−256	−175	+ 5	−245
Provincial and Municipal	−32	−78	−23	−24
Total Revenue plus Deficit (or minus Surplus)	**6,540**	**6,833**	**7,019**	**7,377**
Federal	4,333	4,530	4,572	4,719
Provincial and Municipal	2,207	2,303	2,447	2,658

[1] For reconciliation with Public Accounts Surplus, see next page.

TABLE 9—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	4,245	4,359	4,361	4,614
Federal—				
Defence	1,800	1,907	1,727	1,760
Non-defence	669	618	686	738
Provincial and Municipal	1,776	1,834	1,948	2,116
Transfer Payments	1,827	1,952	2,141	2,236
Federal	1,400	1,487	1,645	1,696
Provincial and Municipal	427	465	496	540
Subsidies	100	110	87	77
Federal	96	106	84	75
Provincial and Municipal	4	4	3	2
Transfers to Other Governments—				
Federal	368	412	430	450
Total Expenditure	**6,540**	**6,833**	**7,019**	**7,377**
Federal	4,333	4,530	4,572	4,719
Provincial and Municipal	2,207	2,303	2,447	2,658

	1952	1953	1954	Prelim. 1955
	(Millions of Dollars)			
Reconciliation with Public Accounts Surplus:				
Federal Government calendar year surplus for national accounts purposes	**+256**	**+175**	**−5**	**+245**
Adjustments:				
Difference between calendar and fiscal year	+367	+24	+195	−11
Difference between corporation tax accruals and government receipts	−45	+87	−43	−291
Revenue items omitted	+49	+92	+79	+45
Reserves, write-offs and similar items omitted from expenditure	−195	−139	−142	−107
Change in inventories of government commodity agencies	+72	−24	−4	+5
Shipment of military equipment to NATO countries, less replacement	−95	−55	−5	+2
Extra-budgetary funds for pensions and social insurance (net)	+27	−27	+51	+46
Adjustment to place debt interest on a "due date" basis	−90	−14	+23	+7
Other adjustments	−98	−95	−103	−93
Federal surplus for fiscal year as per public accounts	+248 (1951–52)	+24 (1952–53)	+46 (1953–54)	−152 (1954–55)

the accrual of corporation taxes mentioned above, receipts and expenditures both increased by about 3 per cent and expenditures exceeded receipts by $48 million in the calendar year 1954 and $46 million in the calendar year 1955.

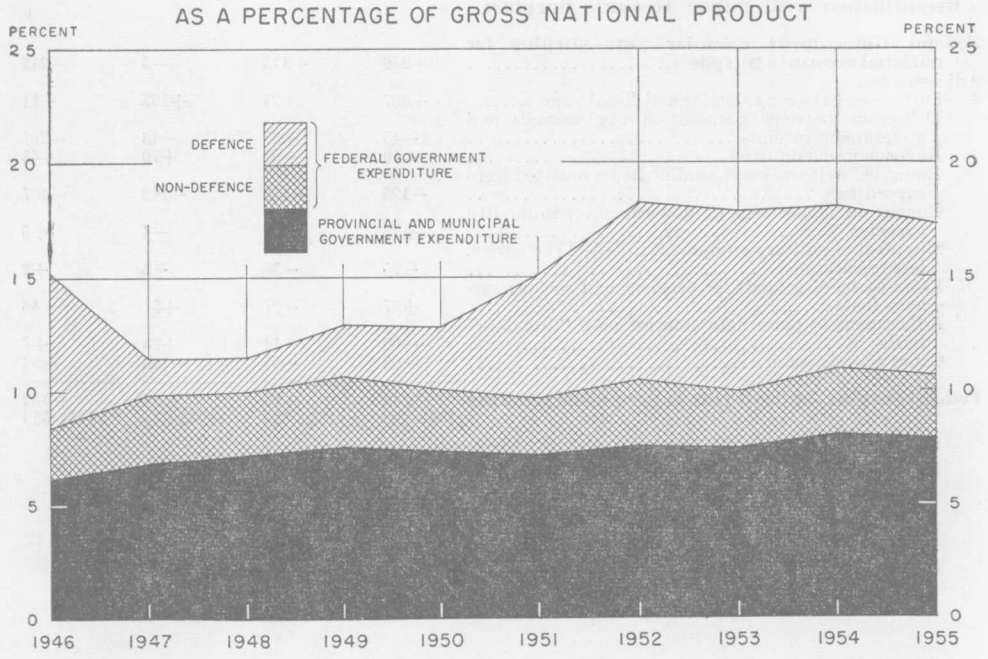
The economic effects of fiscal operations are not solely determined by revenues and expenditures. The expansionary or restrictive effects of governmental operations depend also on changes in loans, advances and investments. In this sphere the overall effect of federal government operations was mildly restraining.

Expenditure on goods and services by all levels of government combined increased in 1955 by 6 per cent and reached a total of $4,614 million. As indicate in the section on gross national expenditure, federal defence expenditures increased by about 2 per cent from the reduced level of 1954 and non-defence outlays rose by 8 per cent. Defence expenditures have remained relatively stable since the great expansion of $643 million in calendar year 1952 and federal non-defence outlays on goods and services have risen only moderately. Since gross national expenditure has increased by 14 per cent in the same period, the federal government's share in the overall use of goods and services has declined from about 11 per cent in 1952 to about 9 per cent in 1955.

Provincial and municipal expenditure on goods and services rose by 9 per cent or $168 million and this increase was about twice as great as the increase in expenditure on goods and services by the federal government. Most of the increase is attributable to higher wages and salaries and the expansion in outlays on capital facilities.

Transfer payments rose by $95 million or 4 per cent in 1955 compared with an increase of $189 million in 1954 when payments under unemployment insurance rose rapidly. A large element in the $51 million increase in federal government transfers in calendar year 1955 was the increase of $31 million in the payment of claims under the Prairie Farm Assistance Act as a result of the poor western

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



grain crop of 1954. Only slightly smaller was the increase in federal transfer payments which resulted from the growth in the numbers receiving old age pensions and family allowances. Some offset to these increases was provided by the decline of $12 million in unemployment insurance benefits as the labour market improved. Transfer payments of provincial and municipal governments increased by $44 million mainly because of larger grants to private non-commercial institutions.

Of the $609 million increase in revenues shown in Table 9, $248 million is due to an increase in the adjustment of federal corporation tax receipts to an accrual basis and can be excluded from consideration. While corporate incomes rose sharply in 1955, this was not reflected in increased federal government receipts since most corporations were paying throughout 1955 on the basis of 1954 incomes. In fact, federal government receipts from this source were somewhat lower in 1955 than in 1954 because of the 2 per cent reduction in the rate of corporation tax announced in the budget speech of April 5, 1955. Direct personal taxes were $55 million higher. Revenue from the federal personal income tax remained practically constant, although there was a substantial rise in personal incomes. The stability in yield was to a large extent due to tax reductions, which went into effect on July 1, 1955. The greater part of the increase in personal direct tax revenue was the result of a rise in provincial collections from succession duties. There was also an increase in yield from the Quebec income tax which for the first time operated for a full calendar year.

In absolute terms, the largest increase in revenues came from indirect taxes which rose by $253 million or 8 per cent. Slightly more than one-half of this increase was in federal tax receipts. Receipts from customs duties rose by $65 million or 17 per cent for the calendar year 1955 reflecting the sharp increase in imports of dutiable goods such as automobile parts and capital investment goods. The yield from the federal sales and excise taxes rose by $54 million or 5 per cent in the calendar year 1955 despite the lower excise tax on automobiles and the repeal of the excise tax on tires and tubes, and this reflects the growth in consumer spending. There were also higher receipts from excise duties. Provincial revenues from indirect taxes rose by 13 per cent. There were increases in receipts from the gasoline tax of $26 million and from the retail sales tax of $19 million. Receipts from natural resources were also substantially higher. In the municipal sphere, revenues from the real property tax rose by $29 million.

BALANCE OF INTERNATIONAL PAYMENTS

The most striking feature of Canada's international transactions in 1955 was a remarkable increase in merchandise trade in response to the prosperous economic conditions which prevailed at home and abroad. Exports increased by 10 per cent over 1954 with the result that their value in 1955 was only $4 million below the peak level of 1952. The increase in total value between 1954 and 1955 resulted from the combination of a 2 per cent rise in export prices and an 8 per cent increase in volume. Imports showed a gain of 15 per cent when compared with 1954 and were some 7 per cent above 1953 when the value of imports reached their previous record. Since import prices remained about the same as in 1954, the increase in 1955 was almost wholly the result of volume increases. While the terms of trade, or the ratio of export prices to import prices, moved slightly in Canada's favour, the much larger increase in the volume of imports resulted in a deficit of $185 million on commodity trade in 1955 compared with a surplus of $13 million in 1954. This deficit on commodity trade was the largest factor in the $234 million increase in the total current account deficit which rose from $431 million in 1954 to $665 million in 1955.

TABLE 10

BALANCE OF INTERNATIONAL PAYMENTS

ESTIMATED CURRENT ACCOUNT BETWEEN CANADA AND ALL COUNTRIES
(Millions of Canadian Dollars)

—	1952	1953	1954	Prelim. 1955
CURRENT CREDITS—				
Merchandise exports (adjusted)[1]	4,339	4,152	3,929	4,335
Gold available for export	150	144	155	155
Travel expenditures	275	302	302	329
Interest and dividends	145	165	143	160
Freight and shipping	383	318	309	359
Inheritances and immigrants' funds	85	91	89	86
Other current receipts	281	319	298	358
Total Credits	5,658	5,491	5,225	5,782
CURRENT DEBITS—				
Merchandise imports (adjusted)	3,850	4,210	3,916	4,520
Travel expenditures	341	365	382	441
Interest and dividends	413	404	431	467
Freight and shipping	375	374	355	395
Inheritances and emigrants' funds	94	91	94	100
Other current payments	421	490	478	524
Total Debits	5,494	5,934	5,656	6,447
NET BALANCE ON CURRENT ACCOUNT	+164	−443	−431	−665

[1] Aid to NATO countries under Defence Appropriation Act has been excluded.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT
(Millions of Canadian Dollars)

—	1952	1953	1954	Prelim. 1955
Between Canada and—				
United States	−849	−904	−810	−1,030
United Kingdom	+388	+133	+232	+348
Rest of the Sterling Area	+114	+83	+44	+54
Other OEEC Countries	+332	+173	+98	+53
Other Countries	+179	+72	+5	−90
All Countries	+164	−443	−431	− 665

The total value of merchandise exports increased from $3,929 million in 1954 to $4,335 million in 1955, up $406 million. The increase was mainly concentrated in exports of base metals, forest products, and iron and its products. Of special significance was a $60 million increase in the export of iron ore and a $30 million increase in the export of crude petroleum. These gains are a reflection of increased productive capacity in Canada as well as buoyant markets for these products in the United States and overseas countries. The only notable decline occurred in the export of grains, particularly wheat.

Merchandise imports amounted to $4,520 million in 1955 compared with $3,916 million in 1954, an increase of $604 million. This spectacular rise in imports was in response to the sharp upward swing in business activity in Canada during 1955 with a high level of consumer spending and capital investment. The increase in imports was widespread throughout the various categories.

The largest single increase occurred in the import of automobile parts as a result of the large output of automobiles in Canada during 1955. Other sizeable increases occurred in textiles, steel products and machinery.

The customary deficit on non-merchandise account showed a slight widening from $444 million in 1954 to an estimated $480 million in 1955, an increase of $36 million. The deficit, that is the excess of payments over receipts, on the travel and the interest and dividends accounts widened, while there was a slightly lower deficit on freight and shipping account. Total non-merchandise receipts rose from $1,296 million in 1954 to $1,447 million in 1955, an increase of $151 million. Payments rose by $187 million to $1,927 million compared with $1,740 million in 1954.

A notable feature of Canadian trade in 1955 was the marked increase in exports to the United Kingdom, other Commonwealth countries and to the countries of continental western Europe. While over half of the increase in the value of exports resulted from greater sales to the United States, this represented a gain of about 10 per cent over 1954. On the other hand, exports to the United Kingdom and to other Commonwealth countries increased by nearly 20 per cent while those to western Europe showed a rise of 11 per cent. The increase in sales to overseas markets is the result of two factors. A rising level of production in overseas countries in general has created a strong demand for Canadian products. In addition, the improvement in the economic and financial position of these countries which has taken place in recent years has permitted an extensive relaxation of restrictions against dollar imports. In contrast to exports, more than three-quarters of the increase in imports came from the United States. The remainder of the increase was largely drawn from western Europe, Latin America and Japan. Imports from the United Kingdom and other Commonwealth countries showed only a moderate increase. As a consequence of these developments and taking into account non-merchandise transactions, Canada

BALANCE OF INTERNATIONAL PAYMENTS

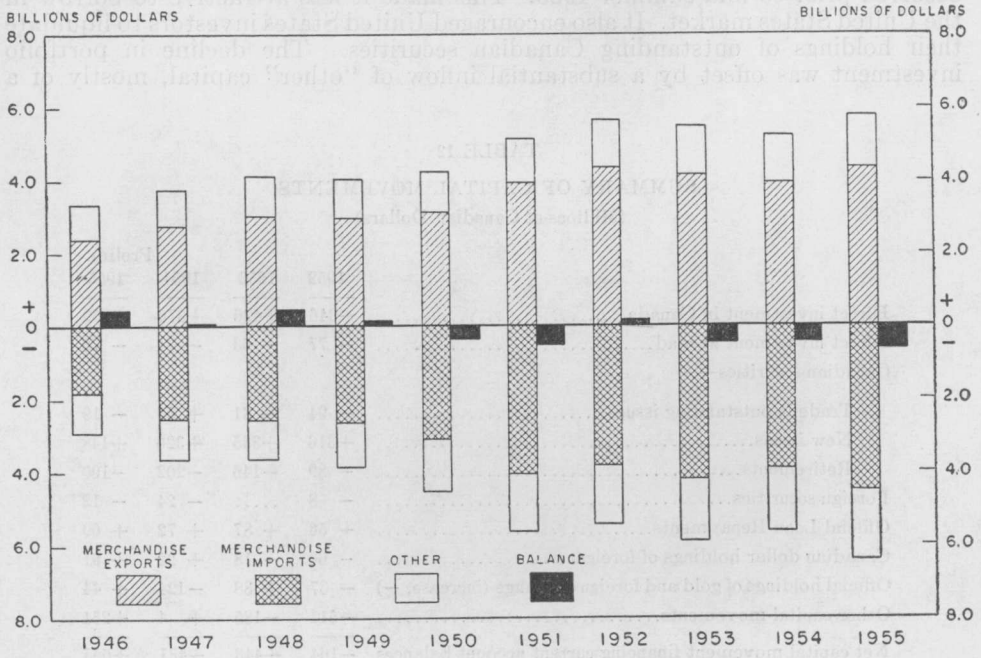


TABLE 11

CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS AS AT DECEMBER 31

(Millions of U.S. Dollars)

—	1952	1953	1954	1955
Exchange Fund Account and Bank of Canada—				
Gold	885·0	986·1	1,072·7	1,133·9
U.S. Dollars	961·8	802·0	833·4	692·0
Other Government of Canada Accounts	13·4	30·4	36·5	74·9
Total Gold and U.S. Dollars	1,860·2	1,818·5	1,942·6	1,900·8

incurred a larger deficit with the United States, a larger surplus with the United Kingdom and other Commonwealth countries, and a deficit with the rest of the world.

The net inflow of capital into Canada in 1955 was considerably larger than in 1954. There were, moreover, large changes in the movements of some components of the capital account between the two years. Direct investment remained at a relatively high level though it was somewhat smaller than in 1954. Net transactions in Canadian securities resulted in 1955 in a small outflow of capital from Canada, the first time this has occurred since 1949. This followed from a combination of net disinvestment in outstanding Canadian securities, a much smaller volume of new security issues abroad and large repatriations through redemptions. These movements were a response to the narrowing of the differential between interest rates in the United States and Canada which occurred prior to mid-summer 1955. This made it less attractive to borrow in the United States market. It also encouraged United States investors to liquidate their holdings of outstanding Canadian securities. The decline in portfolio investment was offset by a substantial inflow of "other" capital, mostly of a

TABLE 12

SUMMARY OF CAPITAL MOVEMENTS

(Millions of Canadian Dollars)

	1952	1953	1954	Prelim. 1955
Direct investment in Canada	+346	+426	+376	+350
Direct investment abroad	− 77	− 63	− 74	− 70
Canadian securities—				
Trade in outstanding issues	− 94	− 31	+ 55	− 19
New issues	+316	+335	+326	+148
Retirements	− 89	−146	−202	−190
Foreign securities	− 8	.....	− 24	− 12
Official Loan Repayments	+ 56	+ 87	+ 72	+ 69
Canadian dollar holdings of foreigners	− 66	− 18	+ 22	+ 91
Official holdings of gold and foreign exchange (increase, −)	− 37	+ 38	−124	+ 44
Other capital movements	−511	−185	+ 4	+254
Net capital movement financing current account balances	−164	+443	+431	+665

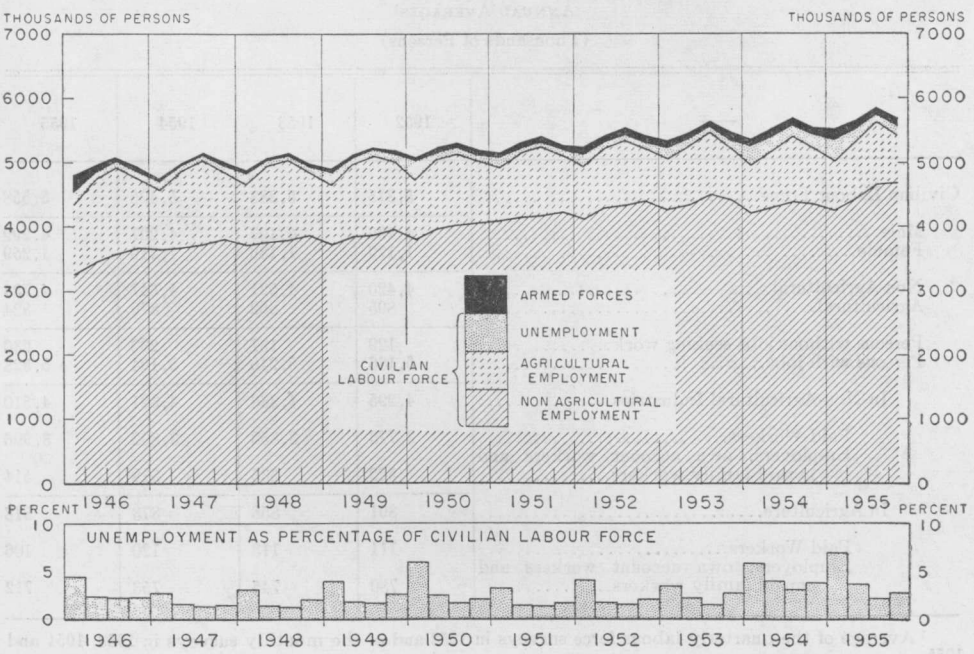
short-term nature. Official reserves of gold and United States dollars, expressed in U.S. funds, were reduced by $42 million to $1,900 million at December 31, 1955, compared with $1,942 million at December 31, 1953.

During 1955 the exchange rate differential between the Canadian and United States dollar narrowed considerably. At December 31, 1954, the United States dollar was $.96 19/32 in terms of the Canadian dollar, and at December 31, 1955, the exchange rate was $.99 29/32. In October of 1955, the Canadian dollar was quoted at par with the United States dollar for the first time since March, 1952, and from mid-November until early December the Canadian dollar was at times at a slight discount. Subsequently the Canadian dollar has remained stable at a premium of less than 1/4 of a cent.

EMPLOYMENT AND EARNINGS

The increase in production during 1955 led to a substantial improvement in employment. In 1954, the average number of persons employed declined by 52,000. In 1955, during each month except January, employment was higher than in 1954. Beginning in May, 1955, the level of employment was also higher each month when compared to the corresponding period in 1953 and the average number of persons employed for the year 1955 as a whole rose by 82,000 above the average for 1953. From the seasonal low in the beginning of 1955 to the peak in employment in the late summer, employment rose by 13 per cent and there were 642,000 more persons at work. This compares with an increase of 416,000 persons with jobs, or a gain of 8 per cent in employment during the same period in 1953. The drop in employment from the summer peak to December was, of course, less severe in 1955 compared to 1953 since the recession began to make itself felt towards the end of that year.

THE LABOUR FORCE



The increase in employment in 1955 took place in non-agricultural occupations. Agricultural employment actually declined and this marks the return to the trend of recent years when, except for 1954, there has been a shift from rural to urban occupations. Thus, while total employment rose on the average by 2½ per cent in 1955, the increase in non-agricultural employment was more pronounced with the number of employed persons up by about 4½ per cent. The seasonally adjusted index of non-agricultural employment indicates that the number of persons with jobs reached a peak in September 1955 at a level about 5 per cent above January. For the remainder of the year, only minor changes occurred, and in overall terms stability prevailed. All major industrial groups showed gains in employment during 1955. In durable goods manufacturing, employment, on a seasonally adjusted basis, increased steadily during the year in contrast to the decline throughout 1954. In non-durable goods production, employment had remained fairly stable during 1954 and this continued during the first few months of 1955. In the second half of 1955, however, employment rose considerably.

The increase in employment in 1955 was accompanied by an almost equal growth in the labour force and consequently unemployment was largely unchanged when comparing the annual average for 1954 and 1955. The average number of persons without jobs and seeking work in 1955 was 230,000; this compares with 232,000 unemployed persons in the preceding year. However, a comparison of annual averages obscures the improvement which occurred in the course of 1955. Beginning in May, 1955, unemployment was lower each month than during the corresponding period in the preceding year. This improvement became more pronounced as the year went on and in December, 1955, the number of persons without jobs and seeking work was 48,000 below the level of the same month in 1954.

TABLE 13

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES[1]

(Thousands of Persons)

—	1952	1953	1954	1955
Civilian Labour Force	5,315	5,383	5,426	5,558
Male	4,136	4,197	4,207	4,299
Female	1,179	1,186	1,219	1,259
Non-Agricultural	4,420	4,521	4,547	4,734
Agricultural	895	862	879	824
Persons without jobs seeking work	129	137	232	230
Persons with jobs	5,186	5,246	5,194	5,328
In Non-Agricultural Industries	4,295	4,388	4,321	4,510
Paid Workers	3,773	3,853	3,802	3,996
Employers, own account workers and unpaid family workers	522	535	519	514
In Agriculture	891	858	873	818
Paid Workers	111	113	120	106
Employers, own account workers and unpaid family workers	780	745	753	712

[1] Average of the quarterly labour force surveys in 1952 and of the monthly surveys in 1953, 1954 and 1955.

The number of persons without jobs and seeking work averaged 4.1 per cent of the labour force in 1955 compared with 4.3 per cent in 1954. The highest unemployment was reached in March, 1955, when there were 401,000 persons without jobs and seeking work or 80,000 more than the number for the same month in 1954. The point of lowest unemployment was reached in August, 1955, with 131,000 jobless persons looking for work. In 1954, unemployment was lowest in September when 168,000 persons were looking for work. In other words a comparison of the seasonal low for unemployment in the two years indicates that in 1955 there were 37,000 fewer persons looking for work than in the previous year. In January, 1956, the number of persons without jobs and seeking work was 286,000 or 77,000 below the level of the comparable month in 1955.

The rise in employment in 1955 was reflected in labour income. The greater number of employed persons worked on the average more hours per week and received more pay during 1955. For example, in manufacturing, average hours worked per week increased by 1 per cent and average hourly earnings rose by almost 3 per cent over the 1954 level. For the economy as a whole, a combination of these factors brought about an increase in labour income of $872 million in 1955. The average annual earnings per paid worker rose from $3,057 in 1954 to $3,136 in 1955, an increase of 2½ per cent. Most of this increase represents a gain in real income, for prices, as indicated by the consumer price index, showed no significant change.

Labour income rose steadily throughout 1955. The seasonally adjusted figures indicate that following a moderate rise in the first quarter, the growth in labour income was most pronounced in the second quarter. For the remainder of the year further substantial increases took place but in each succeeding quarter the expansion continued at a reduced pace.

All major industrial groups in 1955 paid out more in wages and salaries than in the preceding year. The largest increase took place in construction and amounted to 14 per cent. This was followed by finance and other services with a wage and salary bill up by 10 per cent. The increases in all other groups were less than for labour income as a whole. In manufacturing, labour income rose by about 6 per cent; a similar increase in income accrued to persons employed in the utilities, transportation, storage and trade. A more moderate expansion in labour compensation occurred in the primary industries with the total 3 per cent above 1954.

The civilian labour force, which includes both the employed and the unemployed, averaged 5,558,000 for 1955 and accounted for about 53 per cent of the (non-institutional) civilian population over 14 years of age. A similar relationship prevailed in 1954. The agricultural labour force declined by 55,000 persons to 824,000 in 1955.

MONETARY AND CREDIT DEVELOPMENTS

During 1955 there was a marked expansion of bank loans and money supply as the demand for credit grew with the recovery of business activity. The very rapid expansion in the demand for credit and in bank lending brought increasing tightness to the money market as the year progressed and resulted in an upward movement in interest rates in contrast to the downward movement which had continued since the last quarter of 1953.

At the beginning of 1955 the demand for business loans was relatively slow, and the banks continued to purchase substantial quantities of government securities as they had done in 1954. Although the expansion in bank holdings of

government securities had slowed down noticeably by the end of the first quarter, the chartered banks were able to add moderately to their holdings in the second quarter, despite the fact that bank loans were also increasing. Although the chartered banks were in a position to add to their holdings of government securities and later to expand bank loans as well, these changes were accompanied by a noticeable decline in the reserve ratio of chartered banks from about 8·9 per cent at the beginning of the year to 8·3 per cent by June. Shortly after the middle of the year, the banks ceased to be net buyers of government securities and from the latter part of August to the end of the year were substantial sellers. Thus one effect of the expansion of bank credit during the year was to reduce reserve ratios and as the year progressed the expansion rested increasingly on the conversion of the chartered banks' liquid assets and bonds to cash. From the end of July until the end of December, chartered bank holdings of government securities fell by $639 million.

TABLE 14

YIELDS ON GOVERNMENT SECURITIES

CANADA AND THE UNITED STATES

—	Long-Term Bonds(1)			3–5 year Bonds(2)			3 Month Treasury Bills(3)			Bank Rate	
	Canada	U.S.	Spread	Canada	U.S.	Spread	Canada	U.S.	Spread	Canada	U.S.
1953—											
June	3·72	3·07	·65	3·46	2·88	·58	1·69	2·23	—·54	2·00	2·00
September	3·75	2·99	·76	3·58	2·73	·85	1·91	1·96	—·05	2·00	2·00
December	3·61	2·78	·83	3·53	2·21	1·32	1·88	1·68	·20	2·00	2·00
1954—											
March	3·27	2·48	·79	2·95	1·77	1·18	1·62	1·06	·56	2·00	1·75
June	3·11	2·52	·59	2·62	1·78	·84	1·57	·63	·94	2·00	1·50
September	3·01	2·51	·50	2·32	1·79	·53	1·21	1·02	·19	2·00	1·50
December	3·05	2·57	·48	2·36	1·94	·42	1·08	1·25	—·17	2·00	1·50
1955—											
March	2·96	2·67	·29	2·21	2·26	—·05	1·13	1·29	—·16	1·50	1·50
June	2·94	2·75	·19	2·24	2·38	—·14	1·36	1·51	—·15	1·50	1·75
September	3·14	2·88	·26	2·71	2·76	—·05	1·77	2·10	—·33	2·25	2·2[illegible]
December	3·41	2·88	·53	3·43	2·83	·60	2·59	2·59	·00	2·75	2·50
1956—											
February	3·28	2·80	·48	3·13	2·63	·50	2·51	2·39	·12	2·75	2·50

(1) Canada—15 year theoretical 15th of each month. U.S. 2½'s of 67–72, Wednesday nearest 15th.
(2) Canada—Average of 3–5 year theoreticals, 15th of each month. U.S.–Federal Reserve average of 3–5 year bonds, nearest mid-month.
(3) Average tender nearest 15th of month.

In the early weeks of the year the chartered banks were buying substantial quantities of government securities and interest rates declined. However, short-term rates turned up in mid-February. Yields on middle and long-term government securities reached their low points before the end of the first quarter and the general decline of interest rates was terminated. Interest rates rose throughout the remainder of the year except for the last two or three weeks of December when there was a slight decline. The rise in interest rates was particularly marked in the latter part of the year when the banks were selling government securities on a large scale to finance loan expansion.

The bank rate was lowered from 2 per cent to 1½ per cent on February 1st to bring it more in line with the short-term market rate. This was in keeping with the adoption of a more flexible bank rate policy which could be effective

through the newly developed short-term money market. As bank credit continued to expand rapidly in the third quarter, interest rates rose further and the bank rate was raised on August 5th from $1\frac{1}{2}$ to 2 per cent. It became increasingly evident that the rate of loan expansion might outrun the growth in productive capacity and the objective of monetary policy was one of offering increasing resistance. The bank rate was subsequently raised from 2 to $2\frac{1}{4}$ per cent on October 12th, and from $2\frac{1}{4}$ to $2\frac{3}{4}$ per cent on November 18th. With the rapid and continued expansion of bank loans the chartered banks were pressed for cash in the third and fourth quarters and sold substantial amounts of government securities. Because of these developments, recourse to the Bank of Canada, by the chartered banks and the dealers in the short-term money market, was quite frequent in the third and fourth quarters.

TABLE 15

MAJOR CANADIAN ASSETS AND DEPOSIT LIABILITIES OF CHARTERED BANKS

—	As at end of 1954	Increase in 1955					As at end of 1955
		1 Q	2 Q	3 Q	4 Q	Total	
	(millions of dollars)						
ASSETS							
Bank of Canada deposits and notes	791	− 21	5	20	45	49	840
Day-to-day loans	68	1	26	− 50	36	13	81
Treasury bills	360	75	− 59	− 7	58	67	427
Sub-total	1,219	55	− 28	− 37	139	129	1,348
Government Bonds	2,953	211	80	− 68	−544	−321	2,632
Insured mortgages	74	36	35	64	85	220	294
Provincial and municipal securities	441	37	35	37	− 10	99	540
Corporate securities	353	32	44	20	33	129	482
Special categories of loans(1)	859	−114	− 57	− 12	234	51	910
General loans	3,238	21	248	245	229	743	3,981
Sub-total	4,965	12	305	354	571	1,242	6,207
Total of above Canadian assets	9,137	278	357	249	166	1,050	10,187
LIABILITIES							
Personal savings deposits	5,218	208	147	184	−124	415	5,633
Government of Canada deposits	176	− 30	− 39	27	383	341	517
All other (less total float)	3,462	115	234	42	−156	235	3,697
Total Canadian deposits (less float)	8,856	293	342	253	103	991	9,847

(1) See Table 16.

In the early part of the year, the yields on Canadian Government long-term bonds were falling relative to rates in the United States. The United States market was, therefore, less attractive to Canadian borrowers, and Canadian Government securities were less attractive to American investors. After mid-year, the spread between interest rates in Canada and the United States again widened and towards the end of the year Canadian borrowers were again resorting to the New York market in larger volume.

For the year as a whole, the increase in bank loans amounted to $794 million or 19 per cent, and in absolute terms was the largest on record. In addition to the increase in bank loans, there was a marked expansion in lending on insured mortgages on residential real estate and in bank holdings of provincial, municipal and corporate securities.

TABLE 16

CHARTERED BANK LOANS IN CANADA(1)

	As at Dec. 31, 1955	Increase during			Per cent Increase in 1955
		1955	1954	1953	
	(millions of dollars)				
GENERAL					
Personal					
(i) Fully secured by marketable bonds and stocks	339	86	−17	11	34%
(ii) Other	465	113	43	66	32
Instalment finance companies	297	116	−45	21	64
Other financial institutions(2)	144	19	13	8	16
Merchandisers	635	73	−22	101	13
Farmers	366	28	5	25	8
Construction contractors	278	91	25	22	49
Public utilities, transportation and communication companies	141	73	8	− 5	108
Industrial concerns	976	77	−47	151	9
Other	340	67	34	48	25
Total general loans	3,981	743	− 3	448	23%
SPECIAL CATEGORIES					
Provincial and municipal governments	207	43	7	−13	26
Investment dealers and brokers(1)	179	36	−10	− 1	25
Grain dealers	361	−43	13	134	−11
For purchase of Canada Savings Bonds	163	15	−18	19	11
Total special categories	910	51	− 8	139	6%
Total loans in Canada	4,891	794	−11	587	19%

(1) Excluding day-to-day loans.
(2) Includes trust, loan, mortgage, investment and insurance companies.

It is estimated that consumer credit outstanding rose by about $350 million in 1955 compared with an increase of $114 million in 1954 and $326 million in 1953. A considerable part of the increase in bank lending was associated with this increase in consumer credit. For example, loans to instalment finance companies rose by $116 million or 64 per cent, and personal loans other than those fully secured by marketable bonds and stocks increased by $113 million or 32 per cent. Loans to merchandisers were $73 million or 13 per cent higher than in 1954. The high level of construction activity brought with it a large increase of $91 million or 49 per cent in loans to contractors.

The public's holdings of currency, bank deposits and Government of Canada securities increased in 1955 by $1,115 million. The total increase is accounted for by chartered bank activity since the Federal Government had a moderate excess of receipts over outlays which amounted to $112 million—the increase in debt outstanding being more than offset by increases in government cash balances and in bonds held in government accounts. This excess of receipts over outlays takes into account both budgetary and extra-budgetary activities, changes in government loans and advances, and the operation of government accounts such as the Unemployment Insurance Fund. In 1954 the government excess of outlays over receipts amounted to $227 million and accounted for almost all of the $232 million expansion in the public's holdings of currency, bank deposits and Government of Canada securities.

In 1954 substantial amounts of the public's holdings of government bonds were converted to cash. In 1955 there was an increase of $370 million in the public's holdings of government securities but this increase was confined for

the most part to Canada Savings Bonds which are non-market issues. There was some liquidation of market securities in the first half of the year but this was a little more than offset by buying in the last few months. It will be noted that the amount of Government of Canada securities held by the general public at the end of 1955 was about the same as the amount held at the end of 1952, with the increase of $1·2 billion in holdings of Canada Savings Bonds being offset by a decline of about the same amount in holdings of market securities.

TABLE 17

GENERAL PUBLIC[1] HOLDINGS OF CURRENCY, BANK DEPOSITS, AND GOVERNMENT OF CANADA SECURITIES AS AT DECEMBER 31

(Millions of Dollars)

—	1952	1953	1954	1955
Currency—notes and coin	1,377	1,429	1,458	1,550
Bank deposits—				
Active deposits	3,796	3,705	3,998	4,241
Inactive notice deposits	4,129	4,211	4,712	5,122
Total bank deposits	7,925	7,916	8,710	9,363
Government Securities—				
Market securities	7,812	7,651	6,623	6,650
Non-market securities	1,250	1,632	2,090	2,433
Total government securities	9,062	9,283	8,713	9,083
Total liquid assets	18,364	18,628	18,881	19,996

[1] Includes all holdings other than those of the banking system and the federal government and government accounts.

An important new working arrangement in the operations of the banking system was introduced in the latter part of 1955 when the Bank of Canada suggested that the chartered banks adopt a standard practice regarding the maintenance of a minimum ratio of liquid assets (cash, day-to-day loans and treasury bills) to deposits. The chartered banks agreed to work to achieve by May 31st, 1956, a minimum liquid asset ratio of 15 per cent which they will endeavour to maintain on a daily average basis from June on. With the adoption of this convention it is expected that the lending policies of banks, interest rates and securities markets generally will respond more quickly and smoothly to measures of monetary restraint when these are required in the future.

PRICE TRENDS

Although there was no discernible trend in the consumer price index during 1955, the general index of wholesale prices showed a definite upward movement, rising from 215.7 in January to 221.4 in December. The increase in wholesale prices amounted to just over 2 per cent in 1955 in contrast to a decline of somewhat the same magnitude in 1954. In addition, this apparently moderate upward trend concealed very large increases in some of the components. On the other hand, the consumer price index exhibited comparative stability and was 116.9 in December of 1955 compared with 116.6 a year earlier.

Starting in January at 116.4, the consumer price index reached a low of 115.9 in June, and in the last three months of the year remained unchanged at 116.9. Thus, the increase over 1954 as well as variations from the average were no more than one-half per cent. While there were no marked movements in the

CANADIAN WHOLESALE AND CONSUMER PRICE INDEXES

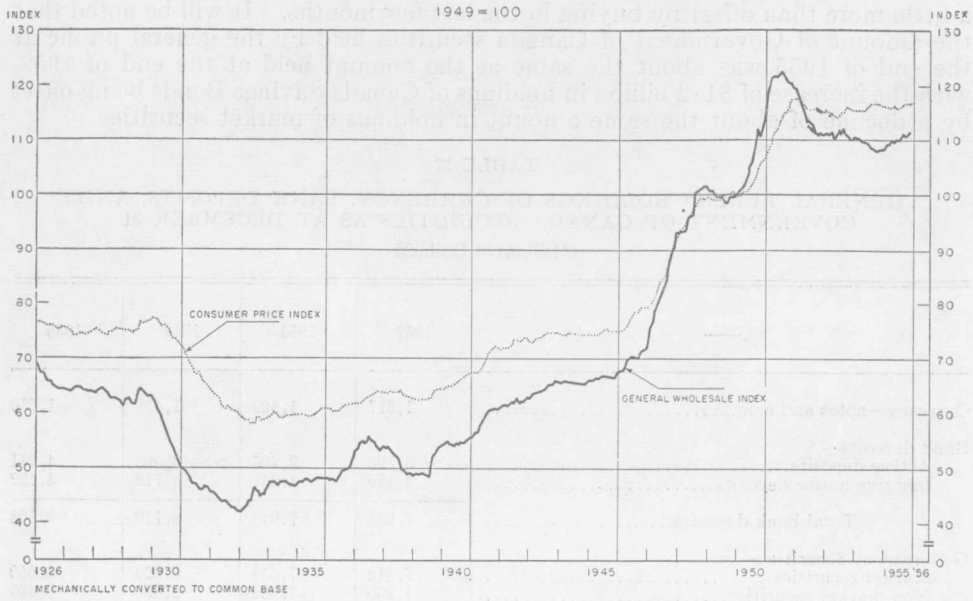


TABLE 18

CONSUMER PRICE INDEXES

—	Canada		United States	
	Total	Food	Total	Food
	1949=100		1947–49=100	
1939	63·2	50·2	59·4	47·1
1940	65·7	52·6	59·9	47·8
1941	69·6	57·9	62·9	52·2
1942	72·9	63·4	69·7	61·3
1943	74·2	65·2	74·0	68·3
1944	74·6	65·5	75·2	67·4
1945	75·0	66·3	76·9	68·9
1946	77·5	70·0	83·4	79·0
1947	84·8	79·5	95·5	95·9
1948	97·0	97·5	102·8	104·1
1949	100·0	100·0	101·8	100·0
1950	102·9	102·6	102·8	101·2
1951	113·7	117·0	111·0	112·6
1952	116·5	116·8	113·5	114·6
1953	115·5	112·6	114·4	112·8
1954	116·2	112·2	114·8	112·6
1955	116·4	112·1	114·5	110·9
1955—January	116·4	112·1	114·3	110·6
February	116·3	111·5	114·3	110·8
March	116·0	110·7	114·3	110·8
April	116·1	111·0	114·2	111·2
May	116·4	112·3	114·2	111·1
June	115·9	111·0	114·4	111·3
July	116·0	111·5	114·7	112·1
August	116·4	112·4	114·5	111·2
September	116·8	113·7	114·9	111·6
October	116·9	113·5	114·9	110·8
November	116·9	113·0	115·0	109·8
December	116·9	112·4	114·7	109·5
1956—January	116·8	111·5	114·6	109·2

components, there appeared to be a tendency for costs of shelter and some other services to rise slowly. The largest increase occurred in the shelter index which was some 2 per cent higher in 1955 than in 1954.

The United States consumer price index experienced somewhat the same degree of stability as the Canadian index. In contrast to the Canadian index, however, that of the United States averaged a little less for 1955 than for 1954. Nevertheless, the trend in the United States over the year paralleled the Canadian pattern and the total index was slightly higher in December than in January. The index of food prices in the United States showed a small decline in 1955, whereas there was no significant movement in Canadian food prices.

The Canadian index of wholesale prices moved slowly but steadily upward throughout 1955. This upward movement was a reversal of the downward trend which had continued from the post-Korean peak in 1951 to late 1954. With the important exception of a further decline of 5 per cent in the price of farm products over the year, most other wholesale prices followed the upward movement of the general index. The index of industrial materials showed an increase of 8 per cent during 1955 while building materials rose between 3 and 4 per cent. The greatest increase occurred in non-ferrous metals which advanced almost 18 per cent over the year. Other significant increases took place in the prices of wood and iron products which showed a rise of 5 and 7 per cent, respectively.

TABLE 19

WHOLESALE PRICE INDEXES
(1935-39=100)

—	General Wholesale Prices	Fully and Chiefly Manufactured Goods	Canadian Farm Products
1939	99·2	101·9	92·6
1940	108·0	109·9	96·1
1941	116·4	118·8	106·6
1942	123·0	123·7	127·1
1943	127·9	126·9	145·4
1944	130·6	129·1	155·3
1945	132·1	129·8	166·4
1946	138·9	138·0	179·5
1947	163·3	162·4	192·2
1948	193·4	192·4	232·1
1949	198·3	199·2	228·7
1950	211·2	211·0	236·7
1951	240·2	242·4	268·6
1952	226·0	230·7	250·2
1953	220·7	228·8	221·6
1954	217·0	224·2	211·8
1955	218·9	224·5	207·2
1955—January	215·7	222·1	210·3
February	217·4	223·2	210·0
March	217·4	224·1	207·0
April	218·5	223·5	216·1
May	217·8	223·1	216·7
June	218·7	224·1	215·5
July	218·4	223·7	213·1
August	219·6	225·3	204·8
September	220·9	226·4	202·7
October	220·0	225·7	196·8
November	220·7	226·5	196·9
December	221·4	226·6	197·1
1956—January	222·0	227·3	196·7

Note: 1955 Indexes are preliminary. The Canadian Farm Products index is fully revised only up to July 1954 and does not reflect final payments on all grains for subsequent months.

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1955-56

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PART II

REVIEW OF GOVERNMENT ACCOUNTS

1955-56

1. INTRODUCTION

The figures which are presented in this Part for the fiscal year ending March 31, 1956 are preliminary and subject to revision. The Government's fiscal year ends on March 31 and after that date the books must remain open for several weeks to record various adjusting entries and to take into account all payments up to and including April 30 made on account of expenditures originating in and properly chargeable to the fiscal year 1955-56. Final results for each year's operations are not available before some time in August. The figures used in this White Paper are based on ten months actual and two months estimated. The final figures when they become available next August may vary to some extent from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1955-56

Budgetary transactions

Budgetary revenues of the government for the fiscal year ending March 31, 1956 are now estimated at $4,385 million. This is $183 million or about 4 per cent more than last year's budget forecast of $4,202 million and approximately $262 million more than the total collected in 1954-55.

Budgetary expenditures are estimated at $4,437 million. This is $75 million or 2 per cent more than the budget forecast and about $162 million more than the total spent in 1954-55.

On the basis of these figures the indicated deficit for the fiscal year is about $52 million compared with a budget forecast of a deficit of $160 million and a deficit of $152 million for 1954-55.

On the revenue side of the government's budgetary operations the most noteworthy feature has been the buoyancy of the revenues reflecting the general level of activity and production which has been considerably above that which was the basis for the budgetary forecast of $4,202 million last April. Collections from all sources except personal income tax are higher than those of the previous year and when the books for the year are closed it is expected that all categories of revenue except corporation income tax will have equalled or exceeded the budget forecast.

On the expenditure side the most significant feature has been the continued importance of defence in the government's expenditure programme. Defence expenditures are expected to amount to $1,760 million in 1955-56, an increase of $72 million or 4 per cent over the preceding year representing 40 per cent of the government's total budgetary outlay. In 1954-55 defence expenditures amounted to $1,688 million and constituted 40 per cent of the total.

Non-budgetary transactions

Although the budgetary deficit is $52 million the cash balances at the year end will be about $297 million greater than a year ago. This is the result of receipts of $385 million from annuity, insurance and pension accounts and other non-budgetary sources plus an increase of $247 million in the outstanding debt less $283 million paid out in loans, advances, investments and other non-budgetary disbursements.

The following table summarizes the budgetary and non-budgetary transactions for the fiscal year 1955-56 and indicates how they affect the Government's debt and cash position. For purposes of comparison the corresponding figures for 1954-55 are also shown. An explanation of these transactions in greater detail is given in the section on "The Cash Position".

TABLE I

(In millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal Year Ended March 31			
	1956 (Estimated)		1955	
Budgetary revenues	4,385		4,123	
Budgetary expenditures	−4,437		−4,275	
Budgetary deficit		−52		−152
Non-budgetary receipts and credits (excluding unmatured debt transactions)—				
Repayments of loans, investments and working capital advances	118		232	
Net government annuities account receipts	67		66	
Net insurance and pension account receipts	141		139	
Other non-budgetary receipts	59		43	
	385		*480*	
Non-budgetary disbursements and charges (excluding unmatured debt transactions)—				
Loans, investments and working capital advances	−253		−122	
Other non-budgetary disbursements	−30		−139	
	−283		*−261*	
Net amount available from non-budgetary transactions		102		219
Overall cash available from budgetary and non-budgetary transactions		50		67
Net increase or decrease (−) in unmatured debt outstanding in the hands of the public		247		−196
Net increase or decrease (−) in cash balances on deposit to the credit of the Receiver General		297		−129

Old age security fund

Pension payments from the old age security fund are estimated at $366 million in 1955-56 and tax receipts credited to the fund at $316 million resulting in a deficit of $50 million for the year covered by a temporary loan by the Minister of Finance to the fund. During 1954-55 pension payments amounted to $353 million and tax receipts credited to the fund to $290 million, resulting in an excess of pension payments over tax receipts of $63 million. Under the authority of a vote of parliament, $63 million representing the deficit of the fund sustained during 1954-55 was charged as a budgetary expenditure in 1955-56. The 1955-56 deficit of $50 million is carried in the accounts as a temporary loan to the fund.

The Budget—Appendix

Debt transactions

During 1955-56 it is estimated that the government will have issued securities amounting to $3,229 million (excluding treasury bills issued to refund maturing bills) and redeemed maturing issues to a total of $2,331 million, resulting in an increase of $898 million in unmatured debt. However, as other liabilities are expected to increase by $205 million the government's gross public debt will have increased by $1,103 million to $19,055 million at March 31, 1956. During the same period the net assets are expected to increase by $1,052 million to $7,740 million. As a result the government's net debt is expected to be $11,315 million at March 31, 1956, the increase of $52 million being equivalent to the budgetary deficit for the fiscal year.

Cash position

Cash balances on deposit to the credit of the Receiver General are expected to increase by $297 million during the fiscal year reflecting the increase of $247 million in unmatured debt outstanding in the hands of the public (after taking into account sinking fund purchases and transactions in the securities investment account) and the net amount of $50 million available from budgetary and non-budgetary transactions ($102 million available from non-budgetary transactions offset by the amount of $52 million required to cover the estimated budgetary deficit for the fiscal year).

3. BUDGETARY ACCOUNTS

Total revenues, estimated at $4,385 million for 1955-56, are $262 million more than the total for the previous fiscal year. Total expenditures are estimated at $4,437 million, an increase of $162 million over 1954-55. The deficit for the fiscal year is estimated at $52 million or $100 million less than the deficit of $152 million for the year ended March 31, 1955.

A summarized statement of the estimated revenues and expenditures and deficit for the fiscal year ending March 31, 1956, with the actual figures for the fiscal years ended March 31, 1949 to 1955, inclusive, is given in the following table.

TABLE II

BUDGETARY REVENUES, EXPENDITURES AND SURPLUS OR DEFICIT

(In millions of dollars)

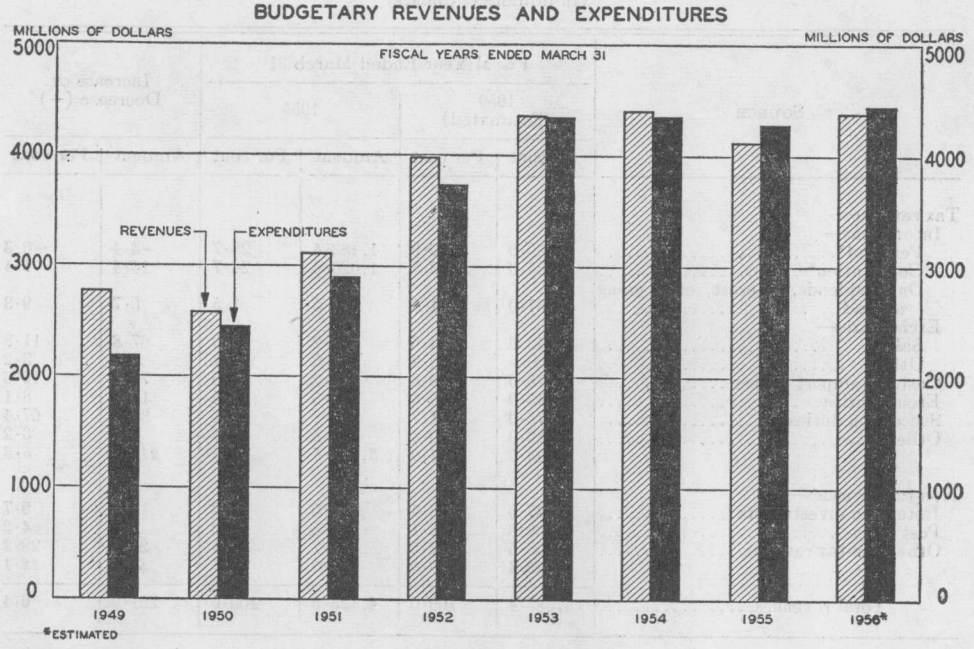
Fiscal Year Ended March 31	Budgetary Revenues	Budgetary Expenditures	Surplus or Deficit (−)
1949	2,771·4	2,175·9	595·5
1950	2,580·1	2,448·6	131·5
1951	3,112·5	2,901·2	211·3
1952	3,980·9	3,732·9	248·0
1953	4,360·8	4,337·3	23·5
1954	4,396·3	4,350·5	45·8
1955	4,123·5	4,275·3	−151·8
1956 (Estimated)	4,385·4	4,437·1	−51·7

A. REVENUES

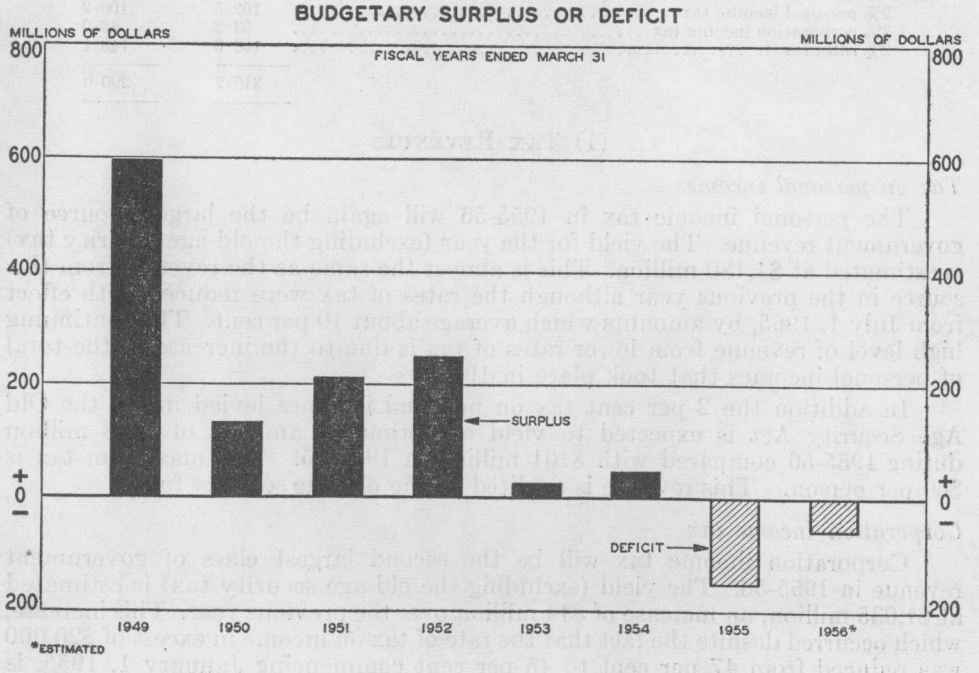
Budgetary revenues are expected to amount to $4,385 million in the fiscal year 1955-56. This is $262 million, or 6 per cent, higher than in the previous year. It is estimated that of the total revenues for the year, $3,993 million, or 91 per cent, will have been derived from taxes and $392 million, or 9 per cent, from non-tax revenues.

A statement of estimated revenues for 1955-56 classified by major categories, and the corresponding figures for the actual receipts in 1954-55 is given in Table III.

BUDGETARY REVENUES AND EXPENDITURES



BUDGETARY SURPLUS OR DEFICIT



67509—152

TABLE III

BUDGETARY REVENUES BY MAJOR CLASSIFICATIONS

(In millions of dollars)

SOURCE	Fiscal Year Ended March 31				Increase or Decrease (—)	
	1956 (Estimated)		1955			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Income tax—						
Personal*	1,180·0	26·9	1,183·4	28·7	—3·4	—0·3
Corporation*	1,035·0	23·5	1,020·6	24·7	14·4	1·4
On dividends, interest, etc., going abroad	67·0	1·5	61·3	1·5	5·7	9·3
Excise taxes—						
Sales*	640·0	14·6	572·2	13·9	67·8	11·8
Other	260·0	5·9	252·0	6·1	8·0	3·2
Customs import duties	475·0	10·8	397·2	9·6	77·8	19·6
Excise duties	245·0	5·6	226·5	5·5	18·5	8·1
Succession duties	75·0	1·7	44·8	1·1	30·2	67·4
Other taxes	16·0	0·4	15·5	0·4	0·5	3·2
	3,993·0	*91·0*	*3,773·5*	*91·5*	*219·5*	*5·8*
Non-tax revenues—						
Return on investments	147·0	3·4	134·0	3·2	13·0	9·7
Post office	136·8	3·1	131·3	3·2	5·5	4·2
Other non-tax revenue	108·6	2·5	84·7	2·1	23·9	28·2
	392·4	*9·0*	*350·0*	*8·5*	*42·4*	*12·1*
Total revenues	4,385·4	100·0	4,123·5	100·0	261·9	6·4

	1955-56	1954-55
*Excluding tax credited to the old age security fund—		
2% personal income tax	102·5	100·9
2% corporation income tax	53·2	46·0
2% sales tax	160·0	143·1
	315·7	290·0

(1) TAX REVENUES

Tax on personal incomes

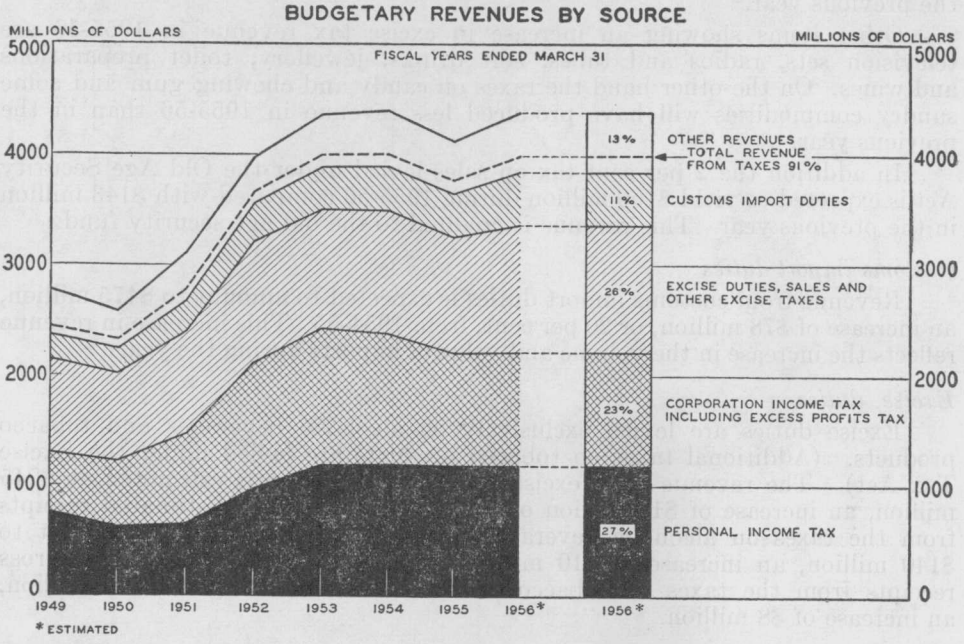
The personal income tax in 1955-56 will again be the largest source of government revenue. The yield for the year (excluding the old age security tax) is estimated at $1,180 million. This is almost the same as the revenue from this source in the previous year although the rates of tax were reduced with effect from July 1, 1955, by amounts which average about 10 per cent. The continuing high level of revenue from lower rates of tax is due to the increase in the total of personal incomes that took place in 1955.

In addition the 2 per cent tax on personal incomes levied under the Old Age Security Act is expected to yield an estimated amount of $103 million during 1955-56 compared with $101 million in 1954-55. The maximum tax is $60 per person. This revenue is credited to the old age security fund

Corporation income tax

Corporation income tax will be the second largest class of government revenue in 1955-56. The yield (excluding the old age security tax) is estimated at $1,035 million, an increase of $14 million over the previous year. This increase, which occurred despite the fact that the rate of tax on income in excess of $20,000 was reduced from 47 per cent to 45 per cent commencing January 1, 1955, is due to the increase in corporation profits in 1955.

In addition the 2 per cent tax levied on income of corporations under the Old Age Security Act is expected to yield $53 million during 1955-56 compared with $46 million collected from this source in 1954-55. These collections are credited to the old age security fund.



Taxes on interest, dividends, rents and royalties going abroad

Revenue under this heading is derived from taxes withheld on payments of interest, dividends, rents, royalties, etc. made to non-residents. The estimated total of $67 million in 1955-56 is $6 million greater than that in the previous year reflecting increased dividend payments from higher corporate profits and larger investment in 1955.

Excise taxes

Included under this heading are the revenues from the general sales tax and the special excise taxes levied on a wide range of manufactured products. Total net collections for the year are estimated at $900 million, an increase of $76 million, or 9 per cent, over 1954-55.

It is estimated that the sales tax, which from the standpoint of revenue is the most important tax levied under the Excise Tax Act, will have yielded a net revenue of $640 million in the year (excluding the 2 per cent old age security sales tax). This is $68 million, or 12 per cent, more than the amount of $572 million received from this source in 1954-55. Since there has been no substantial change in the general price level during the year this increase in revenue is due to increased production and imports of taxable goods during the year.

Excise taxes other than the general sales tax will yield approximately $260 million, or $8 million more than in 1954-55. This increase occurs despite the fact that with effect from April 6, 1955, the tax on passenger automobiles was reduced from 15 per cent to 10 per cent and the tax on tires and tubes for automotive vehicles was repealed.

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Because of the very high level of passenger automobile sales in 1955-56 the revenue from the excise tax on this item will exceed that of the previous year by approximately $8 million despite the fact that the rate of tax is lower by one-third. This continuing high level of revenue from the tax on automobiles plus an increase of $8 million in the revenue from the taxes on tobacco products largely accounts for the revenue from excise taxes in 1955-56 exceeding that of the previous year.

Other items showing an increase in excise tax revenue in 1955-56 are television sets, radios and tubes, soft drinks, jewellery, toilet preparations and wines. On the other hand the taxes on candy and chewing gum and some sundry commodities will have produced less revenue in 1955-56 than in the previous year.

In addition the 2 per cent tax on sales levied under the Old Age Security Act is expected to yield $160 million during 1955-56 compared with $143 million in the previous year. This revenue is credited to the old age security fund.

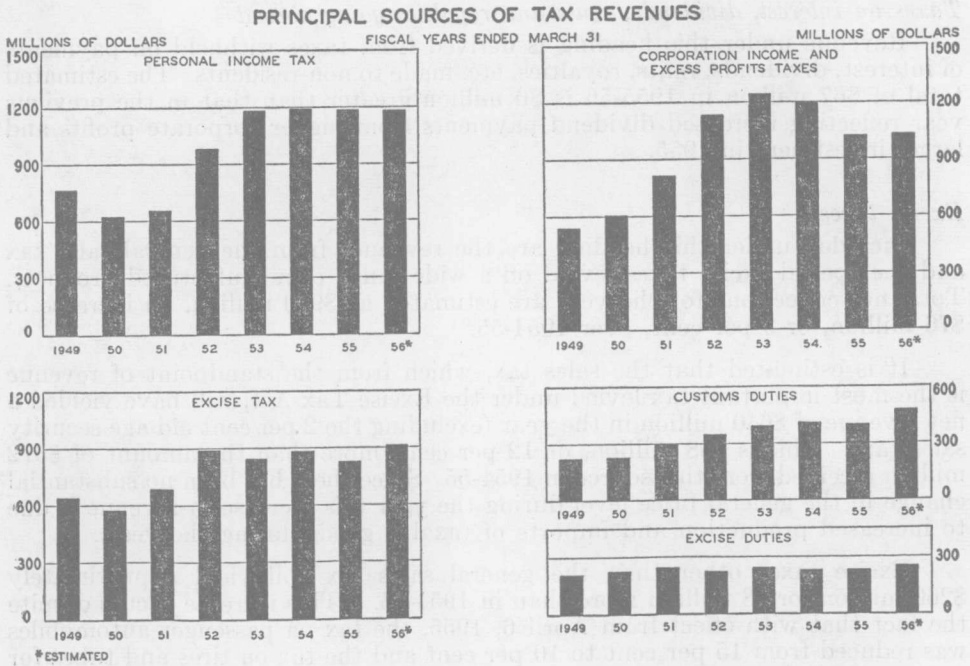
Customs import duties

Revenue from customs import duties is expected to amount to $475 million, an increase of $78 million, or 20 per cent, from 1954-55. This increase in revenue reflects the increase in the volume and value of imports during the year.

Excise duties

Excise duties are levied exclusively on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act). The revenue from excise duties for the year is estimated at $245 million, an increase of $18 million over the previous year. Estimated receipts from the taxes on alcoholic beverages, before deducting refunds, amount to $140 million, an increase of $10 million from the previous year. The gross receipts from the taxes on tobacco products are estimated at $109 million, an increase of $8 million.

PRINCIPAL SOURCES OF TAX REVENUES



Succession duties

Revenue from succession duties is estimated at $75 million in 1955-56 an increase of $30 million, or 67 per cent over the previous year. Two-thirds of the increase came from payments in respect of one unusually large estate.

Other taxes

The principal source of revenue under this heading is the tax on the premium income of insurance companies which will produce approximately $15 million in 1955-56 compared with $14 million in the previous year. Small amounts of revenue are also received from special taxes on the export of electrical energy from Canada and the tax on the export of furs from the Northwest Territories.

(2) Non-Tax Revenues

Non-tax revenues for 1955-56 are estimated at $392 million, an increase of $42 million over the total of $350 million for the previous fiscal year. It is to be noted that the classification "special receipts and credits" has been eliminated and items which in previous years were shown under this heading have been reclassified and appear under the appropriate heading in the non-tax revenue category. The following table presents a comparative summary of non-tax revenues for the current and the previous year.

TABLE IV

(In millions of dollars)

Non-Tax Revenues	Fiscal Year Ended March 31		Increase or Decrease (−)	
	1956 (Estimated)	1955	Amount	Per cent
Post Office	136·8	131·3	5·5	4·2
Return on investments	147·0	134·0	13·0	9·7
Premium, discount and exchange	1·6	.....	1·6	.....
Bullion and coinage	2·8	1·8	1·0	55·6
Privileges, licences and permits	16·1	14·1	2·0	14·2
Proceeds from sales	22·4	31·6	−9·2	−29·1
Services and service fees	17·3	18·0	−0·7	−3·9
Refunds of previous years' expenditure	45·4	14·6	30·8	211·0
Miscellaneous	3·0	4·6	−1·6	34·8
Total non-tax revenues	392·4	350·0	42·4	12·1

Post Office

Gross post office receipts for 1955-56 are estimated at $157 million. After making authorized disbursements from revenue of $20 million for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., net post office receipts credited to budgetary revenues are estimated at $137 million. Gross receipts for 1955-56 are expected to exceed those of the previous year by $6 million. As estimated payments from revenue are the same as the payments in 1954-55, the net increase in post office receipts credited to budgetary revenues is $6 million.

As costs of operating the Post Office during 1955-56 (excluding the $20 million charged to revenue) are expected to total $127 million, net revenue will exceed net costs by $10 million. However, in making this comparison it is to be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government

departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Return on investments

Return on investments is expected to yield $147 million, an increase of $13 million over the total of $134 million received in the previous year.

Payments from Crown corporations are estimated at $83 million. This is $5 million more than the total received during the previous year and is due mainly to increases of $8 million in receipts from the Canadian National Railways, $2 million from Central Mortgage and Housing Corporation and $2 million from Polymer Corporation Limited offset in part by decreases of $3 million in profits received from the Bank of Canada and $4 million in the surplus earnings of Canadian Arsenals Limited. The increase of $8 million in the amount expected to be received from the Canadian National Railways reflects a dividend of $11 million paid on the 4 per cent preferred stock of the company held by the government offset in part by a decrease of $3 million in interest on loans.

Receipts from other loans and investments are estimated at $64 million an increase of $8 million over the previous year due mainly to increases of $5 million in the earnings of the securities investment account and $4 million on sinking funds and other investments held for the retirement of unmatured debt.

A comparative summary of the estimated receipts for 1955-56 and the amounts received in the previous year is given in the following table.

TABLE V

(In millions of dollars)

Return on Investments	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Loans to, and investments in, Crown corporations—			
Bank of Canada	38·3	41·5	−3·2
Canadian Arsenals Limited	2·2	6·2	−4·0
Canadian National Railways	11·9	4·1	7·8
Central Mortgage and Housing Corporation	18·5	16·2	2·3
National Harbours Board	4·0	4·3	−0·3
Polymer Corporation Limited	5·0	3·3	1·7
Miscellaneous	2·9	2·5	0·4
	82·8	*78·1*	*4·7*
Other loans and investments—			
United Kingdom	22·5	22·8	−0·3
Other national governments	11·0	12·0	−1·0
Provincial governments	1·0	1·0	.....
Soldiers and general land settlement loans and Veterans Land Act advances	4·9	4·9	.....
Exchange fund account	10·8	10·9	−0·1
Securities investment account	5·2	0·2	5·0
Sinking fund and other investments held for retirement of unmatured debt	6·3	2·7	3·6
Miscellaneous	2·5	1·4	1·1
	64·2	*55·9*	*8·3*
	147·0	134·0	13·0

Premium, discount and exchange

Premium, discount and exchange transactions in the current fiscal year are expected to result in a net credit of $2 million to revenues compared with a net charge of $4 million to expenditures in the previous fiscal year.

Bullion and coinage

Revenue under this heading arises out of the operations of the Royal Canadian Mint and includes assaying, refining and handling charges and the net gain on coinage and refining operations. The estimated amount credited to bullion and coinage revenue for 1955-56 is $3 million, an increase of $1 million over the previous year.

Privileges, licences and permits

It is estimated that revenues of $16 million will be received during the fiscal year on account of privileges, licences and permits compared with $14 million received during 1954-55. Approximately $7 million of this total is collected by the Department of Transport, mainly on account of aircraft landing fees, rentals of hangar accommodation, office, shop and garage space and living quarters and land and water power rentals.

Proceeds from sales

An amount of $22 million is expected to be received during the current fiscal year as proceeds from sales, a decrease of $9 million from the total received in 1954-55. This amount includes $7 million from Crown Assets Disposal Corporation representing amounts realized from the disposal of surplus Crown assets (after deducting certain agency fees and transfers), $6 million under agreements of sale, and $5 million from Central Mortgage and Housing Corporation representing the proceeds from the sale of wartime housing properties, including depreciation provisions set aside by the Corporation in previous years on properties that have now been sold.

Services and service fees

It is estimated that $17 million will have been received during the fiscal year for services and service fees by the various departments of the government, a decrease of $1 million from the previous year. Approximately 75 per cent of these fees are collected by three departments—$6 million by Department of Trade and Commerce mainly for services for the inspection, weighing, storage and elevation of grain and for electricity, gas and weights and measures inspection service; $5 million by the Royal Canadian Mounted Police mainly for police services to provinces and municipalities; and $3 million by the Department of Transport chiefly for wharfage and other canal and marine service fees, steamship inspection service, air-ground radio service at airports, and government telegraph and telephone service.

Refunds of previous years' expenditure

Revenues in this category consist of amounts received during the current fiscal year representing refunds of expenditures in previous years. The estimated amount of $45 million received during 1955-56 compares with a total of $14 million received during the previous year. The increase of $31 million is due almost entirely to a repayment of $30 million received from the Government of the United States of advances by Canada on contracts for the supply of aircraft, engines and equipment. The arrangement is that when Canada places contracts with the Government of the United States, payments of the estimated costs are made to the United States treasury. If these estimated costs are revised or if there are reductions in the contracts the Government of the United States makes refunds of the overpayments.

Miscellaneous

Miscellaneous revenue is expected to amount to $3 million for the year 1955-56 compared with $5 million in the previous fiscal year. The decrease is due mainly to the fact that there is no comparable amount in the current year

to the $1 million, representing abnormal royalties and licence fees due to war production disallowed to owners and licensers of patents, which was transferred from a suspense account to revenue in the previous year.

(3) Comparison of Actual Revenue with Budget Forecast

Total budgetary revenues for 1955-56, excluding revenues from the old age security taxes, as now estimated are expected to be $183 million, or about 4 per cent more than the forecast made in the budget speech of April 5, 1955. It is expected that when the books for the year are closed revenue from all sources except the tax on corporation profits and miscellaneous taxes will have exceeded expectations. This excess of revenues over the amounts forecast reflects the fact that the general level of economic activity and production throughout the year has been considerably above the level which formed the basis for the budget forecast.

The following table shows the extent to which actual revenues for 1955-56, as now estimated, differ from the budget forecast.

TABLE VI

Comparison of Budget Forecast with Actual Revenues for Fiscal Year Ended March 31, 1956

(In millions of dollars)

Source of Revenues	Budget Forecast of Revenues	Actual Revenues (Estimated)	Increase or Decrease(−) compared with Budget Forecast
Personal income tax	1,150·0	1,180·0	30·0
Non-resident income taxes	65·0	67·0	2·0
Corporation income tax	1,057·0	1,035·0	−22·0
Succession duties	45·0	75·0	30·0
Customs import duties	410·0	475·0	65·0
Excise duties	238·0	245·0	7·0
Sales tax (net)	599·0	640·0	41·0
Other excise taxes	231·0	260·0	29·0
Miscellaneous taxes	17·0	16·0	−1·0
Total tax revenues	3,812·0	3,993·0	181·0
Non-tax revenues	390·0	392·4	2·4
Total budgetary revenues	4,202·0	4,385·4	183·4

The estimated revenue from the personal income tax is $30 million, or 3 per cent, above the budget forecast. This is because the total of personal incomes for the year reached a level above what was anticipated a year ago.

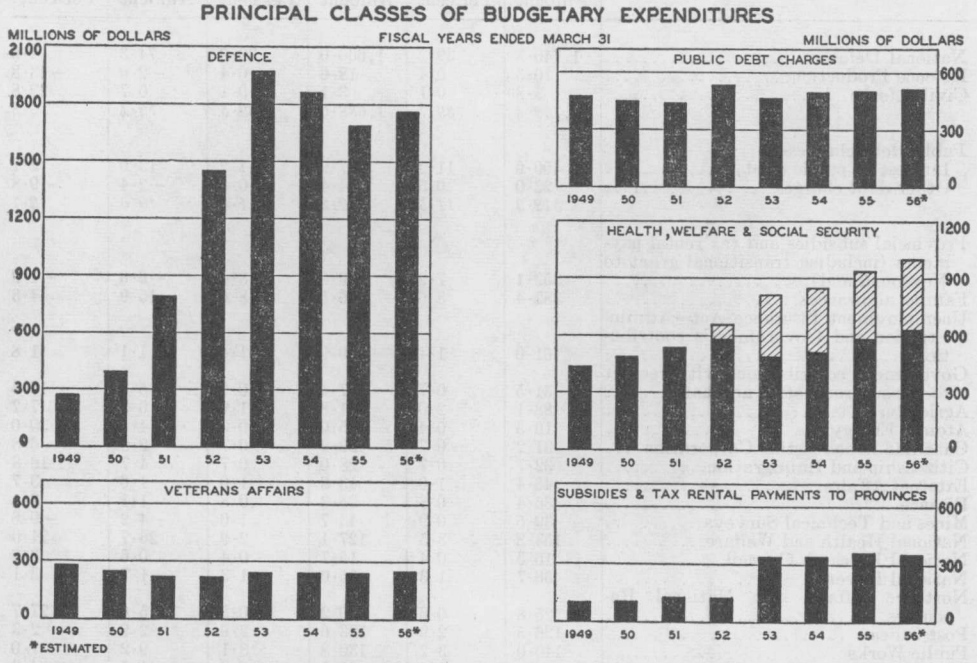
The revenue from corporation income tax as now estimated is $22 million less than forecast despite the fact that corporate profits in 1955 exceeded expectations. This contradictory result is due to the fact that corporations are entitled under the Income Tax Act to base their monthly tax remittances for the first nine months of a payment period upon either their actual profits in the preceding year or the estimated profits of the current year and the option had a somewhat greater effect than anticipated.

The extent to which the estimated revenue from customs import duties has exceeded expectations is a reflection of the upsurge in imports which accompanied the rapid rise in production and economic activity.

The estimated revenue from both sales and other excise taxes is well ahead of expectations as the level of consumption rose to new highs. The extent to which new car sales has exceeded expectations is one of the main reasons why revenue from other excise taxes passed the budget forecast.

B. EXPENDITURES

Budgetary expenditures for 1955-56 are estimated at $4,437 million, an increase of $162 million over the 1954-55 total of $4,275 million.



Note: The lightly shaded area in the chart for Health, Welfare and Social Security represents pension payments out of the old age security fund.

The Budget—Appendix

A comparative summary of estimated expenditures by departments and principal purposes for the fiscal year 1955-56 and actual expenditures for the preceding year is given in the following table:

TABLE VII

STATEMENT OF BUDGETARY EXPENDITURES BY DEPARTMENTS AND MAJOR CLASSIFICATIONS

(In millions of dollars)

—	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1956 (Estimated)		1955			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
National Defence	1,740·3	39·2	1,666·0	39·0	74·3	4·5
Defence Production	16·3	0·4	18·9	0·4	−2·6	−13·8
Civil defence	3·8	0·1	3·1	0·1	0·7	22·8
	1,760·4	*39·7*	*1,688·0*	*39·5*	*72·4*	*4·3*
Public debt charges—						
Interest on public debt	490·9	11·0	477·9	11·2	13·0	2·7
Other debt charges	22·0	0·5	24·4	0·6	−2·4	−9·8
	512·9	*11·5*	*502·3*	*11·8*	*10·6*	*2·1*
Provincial subsidies and tax rental payments (including transitional grant to Newfoundland)	352·1	7·9	359·0	8·4	−6·9	−1·9
Family allowances	382·4	8·6	366·5	8·6	15·9	4·3
Unemployment Insurance Act—Administration and Government's contribution	61·0	1·4	59·9	1·4	1·1	1·8
Government contributions with respect to the superannuation account	31·5	0·7	37·4	0·9	−5·9	−15·8
Agriculture	88·1	2·0	81·8	1·9	6·3	7·7
Atomic Energy	19·5	0·4	15·0	0·3	4·5	30·0
Canadian Broadcasting Corporation	31·2	0·7	29·2	0·7	2·0	6·8
Citizenship and Immigration	32·7	0·7	28·0	0·7	4·7	16·8
External Affairs	45·4	1·0	43·8	1·0	1·6	3·7
Finance	36·4	0·8	35·3	0·8	1·1	3·1
Mines and Technical Surveys	39·5	0·9	43·7	1·0	−4·2	−9·6
National Health and Welfare	153·8	3·5	127·1	2·9	26·7	21·0
National Research Council	16·3	0·4	15·7	0·4	0·6	3·8
National Revenue	56·7	1·3	55·0	1·3	1·7	3·1
Northern Affairs and National Resources	25·8	0·6	20·2	0·5	5·6	27·7
Post Office	126·5	2·9	123·6	2·9	2·9	2·3
Public Works	140·0	3·2	130·8	3·1	9·2	7·0
Royal Canadian Mounted Police	37·0	0·8	35·5	0·8	1·5	4·2
Trade and Commerce	37·3	0·8	17·5	0·4	19·8	113·1
Transport	135·7	3·1	159·2	3·7	−23·5	−14·8
Veterans Affairs	249·1	5·6	240·1	5·6	9·0	3·7
Other departments	65·8	1·5	60·7	1·4	5·1	8·4
Grand total	4,437·1	100·0	4,275·3	100·0	161·8	3·8

Defence expenditures

Defence expenditures consisting of expenditures of the Departments of National Defence and Defence Production and outlay for the civil defence programme are again the largest category of government expenditure. The total of $1,760 million for the fiscal year is approximately 40 per cent of the aggregate budgetary expenditures of the government. This is an increase of $72 million or 4 per cent over the 1954-55 total of $1,688 million when defence expenditures were 40 per cent of aggregate budgetary expenditures.

Expenditures of the Department of National Defence are estimated at $1,740 million and those of the Department of Defence Production at $16 million, while outlays in connection with the civil defence programme are expected to total $4 million. In 1954-55 expenditures were $1,666 million, $19 million and $3 million respectively.

A comparative summary of defence expenditures for 1955-56 and 1954-55 is shown in the following table:

TABLE VIII

(In millions of dollars)

Defence Expenditures	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Department of National Defence—			
Army services	413·6	378·7	34·9
Naval services	342·9	279·2	63·7
Air services	682·4	641·4	41·0
	1,438·9	*1,299·3*	*139·6*
Defence research and development	65·9	49·9	16·0
Mutual aid to NATO countries including contributions to military costs of NATO	175·0	260·0	− 85·0
Government's contribution to the permanent services pension account	40·1	36·7	3·4
Administration and general	20·4	20·1	0·3
	1,740·3	1,666·0	74·3
Department of Defence Production—			
Capital assistance	6·5	9·7	−3·2
Administration and general	9·8	9·2	0·6
	16·3	*18·9*	*−2·6*
Civil defence programme	3·8	3·1	0·7
	1,760·4	1,688·0	72·4

Estimated expenditures for army, naval and air services amount in the aggregate to $1,439 million, $140 million more than the total for 1954-55. Outlay for army services is $35 million more than in the previous year, that for naval services $64 million more and that for air services $41 million more. Expenditures for defence research and development are expected to amount to $66 million an increase of $16 million over the 1954-55 programme.

Estimated expenditures of $175 million under the mutual aid programme and contributions to the military costs of NATO are $85 million less than the total of $260 million in the previous fiscal year. Under the provisions of section 3 of the Defence Appropriation Act, defence equipment and supplies may be transferred from Canadian stocks to other parties to the North Atlantic Treaty. The estimated replacement value of such equipment and supplies acquired by the Canadian services prior to March 31, 1950 and transferred to NATO countries is charged to this appropriation and credited to a special national defence equipment account. These credits may be used subsequently to purchase equipment or supplies for the army, naval or air services of the Canadian forces. In accordance with Vote 236 of Appropriation Act, No. 5, 1955, the estimated replacement value of equipment and supplies, acquired by the Canadian forces since March 31, 1950 and transferred as mutual aid, is credited to the appropriate service allotment instead of being credited to the special defence equipment account and may be expended during the fiscal year for purposes of the Canadian forces.

The estimated expenditures of $175 million for 1955-56 include $54 million for transfer of equipment and supplies acquired prior to March 31, 1950, which is credited to the special national defence equipment account, and $109 million in outlays for costs incurred in acquiring and supplying military equipment for and in the training in Canada of aircrews from countries which are parties to the North Atlantic Treaty. The contribution of $12 million on account of Canada's share of the NATO military budgets and infrastructure costs which is also included in this total is unchanged from the total of the corresponding outlay in 1954-55. The percentage share of these costs borne by each nation is established in the North Atlantic Council and is subject to ratification by the respective member governments.

The government's contribution to the permanent services pension account during 1955-56 of an amount equal to $1\frac{2}{3}$ times the contributions by permanent services personnel is estimated to be $40 million consisting of $36 million relating to current contributions and $4 million to contributions for arrears. This is $3 million more than the 1954-55 contribution of $37 million of which $34 million related to current contributions and $3 million to contributions for arrears.

The estimated expenditures of $16 million for 1955-56 for the Department of Defence Production reflect a reduction of $3 million in the programme under which capital assistance is given to private contractors, Crown plants operated on a management fee basis, and Crown corporations undertaking contracts essential to the defence programme. For 1955-56 this capital assistance is estimated at $7 million compared with $10 million in 1954-55.

Civil defence expenditures, estimated at $4 million, reflect an increase of $1 million over the 1954-55 expenditures.

In addition to these budgetary expenditures for defence, there are certain other cash outlays which must be considered in assessing the full effect of the defence programme on the economy of Canada.

The Department of Defence Production makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment, which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. It is estimated that as a result of the transactions during 1955-56 the fund will be reduced by $3 million leaving an estimated balance in the account of $70 million at March 31, 1956.

The national defence equipment account, to which is credited the estimated replacement values of equipment and supplies acquired by the Department of National Defence prior to March 31, 1950 and subsequently transferred to NATO countries, and to which is charged the cost of replacement equipment, also involves cash outlays which are not reflected as budgetary expenditures. Transfers to the account during the fiscal year are estimated at $54 million while disbursements are expected to total $49 million. The balance available at March 31, 1956 for disbursement in subsequent years is estimated at $279 million compared with $274 million at March 31, 1955.

Under section 11 of the National Defence Act there is provision for the sale of materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales are credited to a special account to be used for the procurement of materiel. Credits to the account during 1955-56 are estimated at $5 million and disbursements are expected to amount to $3 million.

The following table summarizes the cash disbursements for defence for the past two fiscal years.

TABLE IX

(In millions of dollars)

Cash Outlays for Defence	Fiscal Year Ended March 31		Increase or Decrease(−)
	1956 (Estimated)	1955	
Budgetary expenditures—			
Department of National Defence	1,740·3	1,666·0	74·3
Department of Defence Production	16·3	18·9	−2·6
Civil defence programme	3·8	3·1	0·7
	1,760·4	1,688·0	72·4
Less: value of military equipment and supplies transferred from existing Canadian stocks to NATO countries (included in budgetary expenditures)	−54·7	−42·5	−12·2
	1,705·7	1,645·5	60·2
Disbursements from—			
National defence equipment account	49·2	74·3	−25·1
Replacement of materiel account—sec. 11, National Defence Act (net)	−1·5	16·2	−17·7
Defence production revolving fund (net)	−2·8	−7·4	4·6
	44·9	*83·1*	*−38·2*
Net cash outlay for defence	1,750·6	1,728·6	22·0

Public debt charges

Public debt charges in 1955-56 are estimated at $513 million or 11 per cent of the aggregate budgetary expenditures, compared with a total of $502 million or 12 per cent in 1954-55. They are again the second largest item of budgetary expenditure.

Interest on public debt is estimated at $491 million or $13 million more than the total expenditure of $478 million in 1954-55. Interest on unmatured debt is expected to amount to $410 million compared with $406 million in 1954-55; the increase is attributable in part to interest accrued on Canada savings bonds series 10 which was issued in November 1955, and in part tc an increase in the amount of treasury bills outstanding and to higher rates of interest. Interest on annuity, insurance and pension accounts is estimated at $77 million. The increase of $8 million over the total of $69 million in 1954-55 is due to increases of $3 million in respect of the superannuation account, $2 million in respect of the permanent services pension account and $3 million on government annuities account.

Other public debt charges, which include the cost of issuing new loans, the annual amortization of bond discounts and commissions, fees for the services of fiscal agents and registrars, commission for the payment of coupon and fully registered interest, and other costs of servicing public debt are estimated at $22 million for 1955-56 compared with the 1954-55 total of $24 million. The decrease of $2 million is attributable mainly to a decrease in the annual amortization of bond discounts and commissions.

The Budget—Appendix

The table which follows gives a comparative summary of public debt charges for 1955-56 and the previous year:

TABLE X

(In millions of dollars)

Interest and Other Public Debt Charges	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Interest on public debt—			
Unmatured debt and treasury bills—			
Payable in Canada	399·1	394·3	4·8
Payable in London	1·5	1·5	.....
Payable in New York	9·8	9·9	−0·1
	410·4	*405·7*	*4·7*
Deposit and trust accounts	3·0	3·0	.....
Annuity, insurance, and pension accounts	77·5	69·2	8·3
	80·5	*72·2*	*8·3*
Total interest on public debt	490·9	477·9	13·0
Annual amortization of bond discounts and commissions	20·2	22·4	−2·2
Servicing of public debt	0·6	0·8	−0·2
Cost of issuing new loans	1·2	1·2	.....
Total public debt charges	512·9	502·3	10·6

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1955-56 this income is estimated at $147 million as shown in Table V. This sum deducted from the gross total of $491 million for interest shown in the preceding table leaves a net amount of $344 million, the same as for the previous year.

Subsidies and tax rental payments to provinces

Payments to the provinces during 1955-56 for statutory subsidies, rentals under the tax rental agreements, the transitional grant to Newfoundland and the transfer of a portion of income tax receipts from certain public utility companies are estimated at $352 million compared with $359 million in 1954-55.

A comparative summary of the payments for the two years is given in the following table:

TABLE XI

(In millions of dollars)

Subsidies and Tax Rental Payments to Provinces	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Rentals under tax rental agreements, c. 49, Statutes of 1952	319·7	327·4	−7·7
Statutory subsidies	20·4	20·4	
Transitional grant to Newfoundland	3·1	3·9	−0·8
Transfer of certain public utility tax receipts—			
Sec. 6, c. 49, Statutes of 1952	8·9	7·3	1·6
	352·1	359·0	−6·9

Payments under the tax rental agreements in 1955-56 are $8 million less than in the previous year reflecting a decrease in gross national product per capita in 1954.

Statutory subsidies at $20 million in 1955-56 are unchanged from the previous year.

The amount of public utility tax receipts transferred to the provinces in 1955-56 is expected to be $2 million more than in the previous year. Section 6 of the Tax Rental Agreements Act, 1952 authorizes the payment to the provinces, whether participating in the agreements or not, of a portion of the income tax collected from corporations whose main business is the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam.

A summary of estimated payments, by provinces, during 1955-56 is given in the following table:

TABLE XII

(In millions of dollars)

Subsidies and Tax Rental Payments to Provinces	Fiscal Year Ending March 31, 1956 (Estimated)			
	Statutory subsidies	Payments under tax rental agreements	Transitional grant	Total
Newfoundland	1·6	12·5	3·1	17·2
Nova Scotia	2·1	19·9	.....	22·0
Prince Edward Island	0·7	3·7	.....	4·4
New Brunswick	1·7	16·6	.....	18·3
Quebec	3·3	.....	.....	3·3
Ontario	3·6	138·3	.....	141·9
Manitoba	1·8	25·7	.....	27·5
Saskatchewan	2·1	26·0	.....	28·1
Alberta	2·2	31·6	.....	33·8
British Columbia	1·3	45·4	.....	46·7
	20·4	319·7	3·1	343·2
Transfer of certain public utility tax receipts	.....	.....	.....	8·9
				352·1

Family allowances

Family allowances are payable in respect of all children under sixteen resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada a year before an allowance is payable. The monthly allowance is $5 if the child is under 6 years; $6 in the age group 6 to 9; $7 in the age group 10 to 12; and $8 in the age group 13 to 15.

Payments for family allowances are estimated at $382 million for 1955-56 representing 8½ per cent of total expenditures for the fiscal year. The increase of $16 million over the corresponding 1954-55 outlay reflects the increase in the number of children in the eligible age groups.

The following table presents a comparative summary of payments by provinces:

TABLE XIII

(In millions of dollars)

Family Allowance Payments	Fiscal Year Ended March 31		Increase
	1956 (Estimated)	1955	
Newfoundland	12·5	12·0	0·5
Nova Scotia	17·6	17·1	0·5
Prince Edward Island	2·6	2·6	.....
New Brunswick	15·4	15·1	0·3
Quebec	120·4	116·1	4·3
Ontario	116·6	110·5	6·1
Manitoba	19·5	18·7	0·8
Saskatchewan	21·4	20·9	0·5
Alberta	26·7	25·4	1·3
British Columbia	29·0	27·4	1·6
Northwest and Yukon Territories	0·7	0·7	.....
	382·4	366·5	15·9

Unemployment Insurance Act administration and government's contribution

Expenditures in 1955-56 relating to the Unemployment Insurance Act (excluding the government's payment as an employer) are estimated at $61 million compared with $60 million spent in 1954-55.

Unemployment insurance benefit payments are not charged directly to budgetary expenditures but are paid from the unemployment insurance fund. This fund is financed by contributions from employees and employers, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of combined employer-employee contributions.

The government's contribution to the fund for 1955-56 is estimated at $34 million and administration costs are expected to total $27 million; the corresponding figures for 1954-55 were $32 million and $28 million.

Government contribution with respect to superannuation account

The Government's contribution to the superannuation account is an amount equal to the estimated payments by individuals in the previous fiscal year for both current and prior service, and transfers from the retirement fund. For 1955-56 the contribution will be $31 million compared with $37 million in 1954-55.

Provision for reserve for losses on realization of assets

No charge to expenditures for an addition to the general reserve for losses on the realization of assets has been included in the Government's accounts for 1955-56. The balance of the reserve which was $496 million at March 31, 1955 remains unchanged.

Agriculture

Expenditures of the Department of Agriculture are estimated at $88 million for 1955-56 compared with $82 million spent in 1954-55.

The net increase of $6 million is due chiefly to the deficit of $8 million in the prairie farm emergency fund (for which there was no corresponding charge in 1954-55) and to increases of $3 million in the operating losses of the agricultural prices support board, $1 million in the costs of experimental farm services and

$1 million in payment of premiums on hog carcasses, offset by decreases of $3 million in freight assistance on western feed grains and $2 million in outlay for marketing services.

The estimated expenditure of $8 million to cover the deficit in the prairie farm emergency fund is the first charged to budgetary expenditures for this purpose since the fiscal year 1950-51 when $4 million was required. The decrease in expenditures for marketing services is due mainly to a reduction in the payments under the Agricultural Products Co-operative Marketing Act, c. 5, R.S. 1952, the purpose of which is to assist and encourage the co-operative marketing of agricultural products by primary producers.

A comparative summary of estimated expenditures for 1955-56 and actual expenditures for 1954-55 is presented in the following table:

TABLE XIV

(In millions of dollars)

Agriculture	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Experimental farms service	10·9	9·6	1·3
Freight assistance on western feed grains	15·5	19·0	−3·5
Marketing service	6·9	9·3	−2·4
Operating losses of the agricultural prices support board	5·8	3·1	2·7
Premium on hog carcasses including administrative costs	5·8	5·1	0·7
Prairie farm emergency fund—deficit	8·0	.....	8·0
Production service	10·4	10·0	0·4
Rehabilitation and reclamation projects	12·5	12·7	−0·2
Science service	9·3	9·3	.....
Administration and general	3·0	3·7	−0·7
	88·1	81·8	6·3

Atomic energy

Expenditures of the Atomic Energy Control Board and payments to Atomic Energy of Canada Limited are estimated at $20 million for 1955-56 compared with $15 million in 1954-55, an increase of $5 million.

Administration expenses of the Atomic Energy Control Board and grants for research and investigations with respect to atomic energy are estimated at $0·3 million, the same as the 1954-55 expenditure.

Payments to Atomic Energy of Canada Limited, for its research programme, are estimated at $19 million compared with $15 million in 1954-55. Of the total $11 million is for current operations and maintenance and $8 million for the construction and acquisition of buildings, land, works and equipment.

In addition advances to Atomic Energy of Canada Limited to be covered by obligations or shares of the company are estimated at $12 million, of which $2 million is for working capital and $10 million for the construction or acquisition of buildings and equipment at Chalk River and Deep River and for the commercial products division at Ottawa. This brings the total of loans to the company to $44 million.

Canadian Broadcasting Corporation

Payments by the Government of Canada to the Canadian Broadcasting Corporation are estimated at $31 million for 1955-56 compared with $29 million in 1954-55. Payments to the corporation of an amount equivalent to the collections of the 15 per cent special tax imposed on radio and television sets and tubes are expected to amount to $23 million in 1955-56 compared with $21 million

in 1954-55. For the current year it is estimated that $18 million is in respect of television and $5 million in respect of radio. In 1954-55 payments were $17 million for television and $4 million for radio.

A comparative summary of the estimated payments for 1955-56 and actual payments for 1954-55 is shown in the following table.

TABLE XV

(In millions of dollars)

Payments to Canadian Broadcasting Corporation	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Sound broadcasting service	6·3	6·3	.....
International shortwave broadcasting service	1·9	2·1	−0·2
Payments to the corporation of amounts equal to tax collected under the Excise Tax Act in respect of radio and television sets and tubes	23·0	20·8	2·2
	31·2	29·2	2·0

In addition to these expenditures, loans of $9 million will have been made in 1955-56 to cover the cost of television installations and to support the development of the service. This will bring the total loans to the corporation to $28 million at March 31, 1956. Interest at various rates is being paid semi-annually and is included in non-tax revenues under "Return on investments".

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration are estimated at $33 million for 1955-56 compared with $28 million in 1954-55. The increase of $5 million is due mainly to an increase in the expenditures of the Indian Affairs branch of the department reflecting for the most part increased outlay for education.

The following table presents a comparative summary of estimated expenditures for 1955-56 with actual expenditures for 1954-55.

TABLE XVI

(In millions of dollars)

Citizenship and Immigration	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Indian Affairs	21·6	18·0	3·6
Citizenship and citizenship registration	1·1	0·9	0·2
Immigration	8·3	8·3	...
Administration and general	1·7	0·8	0·9
	32·7	28·0	4·7

External Affairs

Expenditures of the Department of External Affairs are estimated at $45 million, an increase of $2 million over the 1954-55 expenditures. This increase is mainly attributable to the costs of representation abroad which includes con-

struction, acquisition or improvement of buildings, works and land. Assistance to other countries is slightly less than the expenditure for 1954-55 although the grant to the Colombo Plan fund has been increased from $25 million for 1954-55 to $26 million for 1955-56.

The following table presents a comparative summary of expenditures for the current and previous fiscal years.

TABLE XVII

(In millions of dollars)

External Affairs	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Assistance to other countries	28·5	28·9	−0·4
Canada's assessment for membership in international or commonwealth organizations	3·0	2·9	0·1
Representation abroad	8·3	7·1	1·2
Administration and general	5·6	4·9	0·7
	45·4	43·8	1·6

Finance

The major items of expenditure for the Department of Finance have been dealt with in previous paragraphs under the headings "Public debt charges", "Subsidies and tax rental payments to provinces" and "Government contribution with respect to the superannuation account".

Other expenditures of the department are estimated at $36 million for 1955-56, an increase of $1 million over the expenditures for 1954-55. An increase of $4 million in grants to municipalities in lieu of taxes on federal property is offset by the decrease of $4 million on account of premium, discount and exchange transactions which are expected to result in a net revenue item of $2 million.

The following table shows a comparative summary of expenditures for 1955-56 and 1954-55.

TABLE XVIII

(In millions of dollars)

Finance	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Office of the Comptroller of the Treasury—administration expenses	15·1	14·9	0·2
Grants to universities	5·6	5·4	0·2
Grants to municipalities in lieu of taxes on federal property	6·9	3·0	3·9
Government contribution as an employer to the unemployment insurance fund	1·1	1·0	0·1
Implementation of guarantees—Ming Sung Industrial Co. Ltd.	1·5	1·5	...
Premium, discount and exchange	...	3·8	−3·8
Administration and general	6·2	5·7	0·5
	36·4	35·3	1·1

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys are estimated at $40 million for 1955-56, a decrease of $4 million from the expenditures of $44 million in 1954-55. Decreases of $5 million in emergency gold mining assistance payments and $1 million in expenses in connection with the movement of coal under the Dominion Coal Board are partially offset by an increase of $1 million in the costs of surveys and mapping services.

The following table presents a comparative summary of expenditures for 1955-56 and 1954-55.

TABLE XIX

(In millions of dollars)

Mines and Technical Surveys	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Emergency gold mining assistance	10·5	15·5	−5·0
Dominion Coal Board	11·2	11·8	−0·6
Surveys and mapping including aerial photography	10·8	9·7	1·1
Mines branch	3·1	3·0	0·1
Geological survey of Canada	2·4	2·2	0·2
Administration and general	1·5	1·5	...
	39·5	43·7	−4·2

National Health and Welfare

Family allowance payments, estimated at $382 million for 1955-56 constitute the main item of expenditure for the Department of National Health and Welfare and have been dealt with under a separate heading in preceding paragraphs. Civil defence expenditures, estimated at $4 million, are dealt with under the heading "Defence expenditures".

Other expenditures of the department in 1955-56 are estimated at $154 million, an increase of $27 million compared with expenditures of $127 million in 1954-55. The following table presents a comparative summary of these expenditures for 1955-56 and 1954-55:

TABLE XX

(In millions of dollars)

National Health and Welfare	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Blind persons allowances	3·0	2·9	0·1
Disabled persons allowances	5·5	0·4	5·1
General health grants	33·5	31·6	1·9
Indians and Eskimos health service	16·3	15·5	0·8
Old age assistance	21·3	20·9	0·4
Other health services	6·8	5·8	1·0
Reduction in the amount owing by the old age security fund	63·3	45·8	17·5
Administration and general	4·1	4·2	−0·1
	153·8	127·1	26·7

In Vote 689 of Appropriation Act No. 5, 1955, Parliament granted authority to charge the 1954-55 deficit of $63 million in the old age security fund to budgetary expenditures in 1955-56. Under the same authority, the 1953-54 deficit in the fund amounting to $46 million was charged to budgetary expenditures in 1954-55.

Expenditures for Indians and Eskimos health services are estimated at $16 million for 1955-56 compared with $15 million for 1954-55. Expenditures for other health services are expected to be $7 million in 1955-56 compared with $6 million in 1954-55.

General health grants to the provinces for assistance in hospital construction, general health services and the control of diseases are estimated at $34 million for 1955-56 compared with expenditures of $32 million in 1954-55.

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $40 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the Act may receive a pension of $40 per month from the federal government out of the old age security fund). Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances to blind persons in need over the age of 21 by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $40 per month for allowances to disabled persons in need over the age of 18 years. The estimated increase of $5 million in payments under the Disabled Persons Act is due mainly to the fact that in 1954-55 the expenditure did not represent a full year's payments as the Act was not effective until January 1, 1955. The following table presents an estimated distribution of these payments by provinces for 1955-56.

TABLE XXI

(In millions of dollars)

General Health Grants and Federal Share of Old Age Assistance, Disabled Persons Allowances and Blind Persons Allowances	Fiscal Year Ending March 31, 1956 (Estimated)			
	General health grants	Old age assistance	Disabled persons allowances	Blind persons allowances
Newfoundland	0·8	0·8	(1)	0·1
Nova Scotia	1·5	1·1	0·2	0·3
Prince Edward Island	0·3	0·1	(1)	(1)
New Brunswick	1·3	1·3	0·2	0·3
Quebec	10·4	7·5	2·7	1·1
Ontario	9·1	5·0	1·7	0·7
Manitoba	2·1	1·1	0·1	0·1
Saskatchewan	2·7	1·2	0·1	0·1
Alberta	2·5	1·3	0·3	0·1
British Columbia	2·8	1·9	0·2	0·2
Northwest and Yukon Territories	(1)	(1)	(1)	(1)
	33·5	21·3	5·5	3·0

(1) Less than $50,000.

National Research Council

Expenditures of the National Research Council are estimated at $16 million for 1955-56, slightly higher than the expenditures for 1954-55. Salaries and other expenses amounting to $14 million and the costs of construction or acquisition of buildings, works, land and new equipment totalling $2 million are approximately the same as the corresponding outlay in 1954-55.

National Revenue

Expenditures for the Department of National Revenue are estimated at $57 million for 1955-56 compared with $55 million in 1954-55. The following table presents a comparative summary of expenditures for the two years.

TABLE XXII

(In millions of dollars)

National Revenue	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Customs and excise division	30·1	29·3	0·8
Taxation division	26·5	25·6	0·9
Income tax appeal board	0·1	0·1	...
	56·7	55·0	1·7

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs in 1955-56 are estimated at $26 million, compared with expenditures of $20 million in 1954-55, an increase of $6 million.

Of this increase, $2 million is attributable to expenditures by the national parks branch for construction or acquisition of buildings, works, land and new equipment and $3 million is due to an increase in expenditures for the northern administration and lands branch of which approximately $2 million is for the construction or acquisition of buildings, works, land and new equipment, and $1 million for operation and maintenance.

The following table presents a comparative summary of expenditures for 1955-56 and 1954-55:

TABLE XXIII

(In millions of dollars)

Northern Affairs and National Resources	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
National parks branch	10·7	8·4	2·3
Engineering and water resources branch	2·1	1·6	0·5
Northern administration and lands branch	7·1	4·1	3·0
Forestry branch	3·7	4·1	−0·4
Canadian government travel bureau	1·5	1·5	...
Administration and general	0·7	0·5	0·2
	25·8	20·2	5·6

Post Office

Gross expenditures of the Post Office Department for 1955-56 are estimated at $147 million, an increase of $3 million over the 1954-55 expenditures of $144 million.

Remuneration of postmasters and staffs at revenue and semi-staff offices, commissions at sub-offices and certain other authorized disbursements are paid from revenue. These payments, included in the total of $147 million, are estimated at $20 million for 1955-56, unchanged from the previous year.

Disbursements charged to budgetary expenditures are estimated at $127 million, an increase of $3 million over expenditures in 1954-55.

The following table presents a comparative summary of expenditures for 1955-56 and 1954-55:

TABLE XXIV

(In millions of dollars)

Post Office	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Charged to budgetary expenditure—			
Operations—salaries and other expenses to staff post offices, district offices and railway mail services and supplies and equipment and other items for revenue post offices	77·5	74·0	3·5
Transportation—movement of mail by land, air and water	45·2	45·8	−0·6
Financial services	2·4	2·5	−0·1
Administration and general	1·4	1·3	0·1
	126·5	*123·6*	*2·9*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	20·4	20·4	.....
	146·9	144·0	2·9

Public Works

Expenditures of the Department of Public Works for 1955-56 are estimated at $140 million compared with expenditures of $131 million for 1954-55. This increase of $9 million is attributable mainly to increases of $4 million in the expenditures of the building construction branch and $3 million in administration and general expenses.

The following table presents a comparative summary of estimated expenditures for 1955-56 and expenditures for 1954-55.

TABLE XXV
(In millions of dollars)

Public Works	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Property and building management branch—			
Maintenance and operation—			
Ottawa	12·7	13·8	−1·1
Other centres	22·8	20·6	2·2
Administration and general	0·2	0·6	−0·4
	35·7	*35·0*	*0·7*
Building construction branch—			
Acquisition, construction and improvements of public buildings—			
Ottawa	7·9	14·0	−6·1
Other centres in Canada	34·0	27·7	6·3
Outside Canada	2·6	.....	2·6
Administration and general	2·4	0·9	1·5
	46·9	*42·6*	*4·3*
Harbours and rivers engineering branch—			
Acquisition, construction and improvements of harbour and river works	16·6	17·8	−1·2
Harbours and rivers—generally	3·3	3·2	0·1
Dredging	4·7	4·2	0·5
Administration and general	3·7	3·6	0·1
	28·3	*28·8*	*—0·5*
Development engineering branch	1·5	.....	1·5
Trans-Canada Highway Division—			
Contributions to the provinces under the terms of the Trans-Canada Highway Act	15·0	18·1	−3·1
Trans-Canada highway through National parks	4·9	1·5	3·4
Administration and general	0·7	0·4	0·3
	20·6	*20·0*	*0·6*
Housing	1·6	1·8	−0·2
Administration and general	5·4	2·6	2·8
	140·0	130·8	9·2

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police are estimated at $37 million for 1955-56, an increase of $2 million over the total spent in 1954-55. These amounts represent gross expenditures; payments received from the provinces and municipalities for police services estimated at $5 million are credited to revenue.

The following table presents a comparative summary of estimated expenditures for 1955-56 and actual expenditures for the previous year.

TABLE XXVI
(In millions of dollars)

Royal Canadian Mounted Police	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Land and air services	25·2	24·7	0·5
Marine services	1·9	1·3	0·6
Government contribution to the Royal Canadian Mounted Police pension account	0·8	0·7	0·1
Pensions and other benefits	2·2	1·9	0·3
Headquarters administration and general	6·9	6·9	.....
	37·0	35·5	1·5

Trade and Commerce

Expenditures for the Department of Trade and Commerce are estimated at $37 million for 1955-56 compared with $17 million for 1954-55. The increase of $20 million is almost entirely accounted for by an estimated expenditure of $19 million for assistance in respect of grain storage costs.

The following table presents a comparative summary of expenditures for 1955-56 and 1954-55.

TABLE XXVII

(In millions of dollars)

Trade and Commerce	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Assistance re storage costs of grain	19·2	.....	19·2
Canada Grain Act	5·2	4·9	0·3
Dominion Bureau of Statistics	6·2	5·5	0·7
Standards Branch	1·7	1·6	0·1
Trade commissioners service	2·7	2·5	0·2
Administration and general	2·3	3·0	−0·7
	37·3	17·5	19·8

Transport

Expenditures of the Department of Transport in 1955-56 are estimated at $136 million, a decrease of $23 million from the expenditures of $159 million in 1954-55.

Estimated expenditures for air services at $58 million are $14 million higher than expenditures in the previous year. Of this increase the civil aviation division is responsible for $10 million, of which $9 million is attributable to construction or acquisition of buildings, works, lands and new equipment including construction work on municipal airports.

Estimated expenditures for marine services at $21 million are the same as the previous year.

Railway and steamship services expenditures are estimated at $21 million for 1955-56 compared with expenditures of $30 million for 1954-55. Decreases of $6 million in expenditures on account of the Strait of Canso causeway and $4 million in outlay for the construction and acquisition of auto ferries are partially offset by an increase of $1 million in payments under the Maritime Freight Rates Act.

Expenditures for the Board of Transport Commissioners are estimated at $13 million; the increase of approximately $2 million over the previous year's outlay is due mainly to an increase in the government contribution to the railway grade crossing fund.

Payments to cover the net operating deficits of certain Crown corporations are estimated at $8 million for 1955-56, compared with expenditures of $37 million in 1954-55. The decrease is due to Canadian National Railways operations which in the calendar year 1955 resulted in a surplus of $11 million compared with a deficit of $29 million in 1954. Consequently there is no charge in the government's accounts for 1955-56 comparable to that in the 1954-55 accounts to cover the Railway's 1954 deficit.

The Budget—Appendix

The following table presents a comparative summary of estimated expenditures for 1955-56 and expenditures for 1954-55.

TABLE XXVIII

(In millions of dollars)

Transport	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Air services—			
Telecommunications division	14·8	13·9	0·9
Meteorological division	8·4	7·4	1·0
Civil aviation division	33·4	23·1	10·3
Administration	1·6	0·2	1·4
	58·2	*44·6*	*13·6*
Canal services	8·4	7·8	0·6
Marine services	21·0	21·3	−0·3
Railway and steamship services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	11·2	10·5	0·7
Strait of Canso causeway	2·9	9·2	−6·3
Construction and acquisition of auto ferries	2·9	6·8	−3·9
Other	3·7	3·7	
	20·7	*30·2*	*−9·5*
Board of Transport Commissioners—			
Maintenance of trackage	7·0	7·0	.....
Railway grade crossing fund	5·0	3·4	1·6
Administration and general	1·0	1·0	.....
	13·0	*11·4*	*1·6*
Canadian Maritime Commission	4·3	4·2	0·1
Crown Corporations—			
Net income deficits—			
Canadian National Railways	.....	28·8	−28·8
Other	4·8	4·4	0·4
Non-active advances	3·1	3·9	−0·8
	7·9	*37·1*	*−29·2*
Administration and general	2·2	2·6	−0·4
	135·7	159·2	−23·5

Veterans Affairs

Expenditures for the Department of Veterans Affairs are estimated at $249 million in 1955-56 compared with expenditures of $240 million in 1954-55. The estimated net increase of $9 million is due mainly to increases of $11 million in war veterans allowances and other benefits and $2 million in pensions for disability or death, offset in part by a decrease of $2 million in war service gratuities and re-establishment credits.

Expenditures relating to the administration of the Soldier Settlement and Veterans Land Acts are expected to amount to $5 million while the provision for the reserve for conditional benefits under the Veterans Land Act is estimated at $9 million. These conditional benefits are made to veterans who enter into agreements with the director for purchases of land and chattels provided they fulfil the terms of the agreements for ten years. The estimated amount charged to expenditures under this heading covers one-tenth of the conditional benefits included in sales to veterans.

The following table presents a comparative summary of expenditures for 1955-56 and 1954-55.

TABLE XXIX

(In millions of dollars)

Veterans Affairs	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Pensions for disability or death	130·6	128·8	1·8
Treatment services	43·0	43·2	−0·2
War veterans' allowances and other benefits	42·3	31·6	10·7
Post-discharge rehabilitation benefits	1·8	2·6	−0·8
War service gratuities and re-establishment credits	3·7	6·0	−2·3
Soldier Settlement and Veterans' Land Acts—			
Administration and general	5·5	5·4	0·1
Provision for reserve for conditional benefits, Veterans Land Act	8·9	8·9	.....
Departmental, district and pensions administration and miscellaneous payments	13·3	13·6	−0·3
	249·1	240·1	9·0

All other departments

Expenditures of the departments not dealt with in preceding sections are estimated at $66 million for 1955-56 compared with expenditures of $61 million in 1954-55, an increase of $5 million.

The following table presents a comparative summary of expenditures for 1955-56 and 1954-55.

TABLE XXX

(In millions of dollars)

All Other Departments	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Auditor General	0·7	0·7	.....
Chief Electoral Officer	0·5	0·3	0·2
Civil Service Commission	2·5	2·3	0·2
Fisheries	12·6	11·1	1·5
Governor General and Lieutenant-Governors	0·4	0·4	.....
Insurance	0·5	0·5	.....
Justice	6·7	5·9	0·8
Office of the Commissioner of Penitentiaries	11·1	10·5	0·6
Labour	10·0	9·9	0·1
Legislation	6·9	6·7	0·2
National Film Board	4·1	3·4	0·7
Privy Council	4·0	3·8	0·2
Public Archives and National Library	0·5	0·4	0·1
Public Printing and Stationery	2·3	2·1	0·2
Secretary of State	3·0	2·7	0·3
	65·8	60·7	5·1

4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AT MARCH 31, 1956

The estimated balances of the asset and liability accounts as at March 31, 1956, the comparable balances at March 31, 1955 and the changes in each category during 1955-56 are shown in the following table.

TABLE XXXI

SUMMARY OF THE ASSETS AND LIABILITIES OF CANADA

(In millions of dollars)

	Balance at March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
LIABILITIES			
Current and demand liabilities	928·7	944·0	−15·3
Deposit and trust accounts	156·8	154·0	2·8
Annuity, insurance and pension accounts	2,185·0	1,977·4	207·6
Undisbursed balances of appropriations to special accounts	339·8	332·2	7·6
Suspense accounts	38·4	35·5	2·9
Province debt accounts arising out of confederation settlements	11·9	11·9	
Unmatured debt	15,394·3	14,496·5	897·8
	19,054·9	17,951·5	1,103·4
ASSETS			
Current assets	1,538·8	565·6	973·2
Advances to the exchange fund account	1,955·0	1,980·0	−25·0
Sinking fund and other investments held for retirement of unmatured debt	215·9	190·9	25·0
Loans to, and investments in, Crown corporations	2,007·9	1,793·5	214·4
Loans to national governments	1,549·9	1,620·8	−70·9
Other loans and investments	641·2	631·1	10·1
Province debt accounts arising out of confederation settlements	2·3	2·3	
Deferred charges	55·6	67·5	−11·9
Unamortized portion of actuarial deficiency in the superannuation account	189·0	189·0	
Suspense accounts	0·5	63·7	−63·2
Capital assets	*	*	
Inactive loans and investments	80·4	80·4	
Total Assets	8,236·5	7,184·8	1,051·7
Less: Reserve for losses on realization of assets	496·4	496·4	
Net Assets	7,740·1	6,688·4	1,051·7
Net Debt (excess of liabilities over net assets)	11,314·8	11,263·1	51·7

*Shown at nominal value of $1.

Liabilities

The gross liabilities of the government as at March 31, 1956, are estimated at $19,055 million, an increase of $1,103 million over the total of $17,952 million at the close of the previous year.

Unmatured debt outstanding, including bonds and treasury bills, is estimated at $15,394 million at March 31, 1956, or approximately 81 per cent of all liabilities. Of the total outstanding unmatured debt, $15,042 million, or 98 per cent, is

payable in Canada and $352 million, or 2 per cent in foreign currencies—$300 million in United States dollars and $52 million in pounds sterling. A complete statement in tabular form of the government's unmatured debt as at March 31, 1956, with details of interest rates, dates of maturity, annual interest charges and amounts of principal outstanding for each loan, is presented at the end of this Part.

The government's liability as at March 31, 1956 in respect of annuity, insurance and pension accounts is estimated at $2,185 million. Current and demand liabilities, including outstanding cheques, accounts payable (consisting of cheques to be issued in April, 1956 in payment of accounts relating to the fiscal year 1955-56) and notes and other obligations payable on demand, are expected to total $929 million.

The other liability items are: deposit and trust accounts (consisting of moneys deposited with or held by the Receiver General for various purposes), $157 million; undisbursed balances of appropriations to special accounts (consisting of undisbursed balances of appropriations to special accounts for which moneys have been appropriated by Parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made), $340 million; suspense accounts (consisting of balances where some uncertainty as to disposition exists and balances whose ultimate accounting treatment is known but which are held until certain conditions are fulfilled), $38 million; and province debt accounts (representing settlements arising out of agreements at the time of Confederation), $12 million.

Assets

Offsetting the liabilities, and to some extent explaining their existence—as a large part of the total debt has been incurred on account of them—are the government's assets. For the most part these consist of assets which yield interest, profits or dividends, liquid assets such as cash and departmental working funds together with certain prepaid expenses and suspense accounts.

The total assets at March 31, 1956, are estimated at $8,236 million, an increase of $1,052 million from the total at March 31, 1955. The asset categories are: current assets (including cash, departmental working capital advances and working funds and securities held in the securities investment account), $1,539 million; advances to the exchange fund account to finance the purchase of gold and foreign exchange, $1,955 million; sinking fund and other investments held for the retirement of unmatured debt, $216 million; loans to, and investments in, Crown corporations, $2,008 million; loans to national governments, $1,550 million other loans and investments (consisting of Canada's subscription to the capital of the International Monetary Fund and the International Bank for Reconstruction and Development, advances to international organizations, loans to provinces and municipalities, veterans and miscellaneous loans and balances receivable), $641 million; province debt accounts, $2 million; deferred charges (consisting of loan flotation costs in the process of being amortized), $56 million; the unamortized portion of the actuarial deficiency in the superannuation account, $189 million; suspense accounts, $1 million; capital assets (assets of the government such as land, buildings, works and equipment, etc., which are charged to budgetary expenditures at the time of acquisition or construction, are shown on the statement of assets and liabilities at a nominal value of $1); and inactive loans and investments (including loans and advances which are not currently revenue-producing or realizable), $80 million.

A reserve of $496 million for losses on realization of assets is shown on the statement of assets and liabilities as a deduction from the total assets, bringing the net assets total to $7,740 million.

A. Changes in Principal Liability Classifications During 1955-56

The gross liabilities of the government are expected to show an increase of $1,103 million over the total at the close of 1954-55. Increases of $898 million in unmatured debt, $3 million in deposit and trust accounts, $208 million in annuity, insurance and pension accounts, $8 million in undisbursed balances of appropriations to special accounts and $3 million in suspense accounts are only partially offset by a decrease of $15 million in current and demand liabilities.

Current and demand liabilities

It is estimated that current and demand liabilities will have decreased by $15 million during the fiscal year. Decreases of $25 million in matured debt outstanding, $5 million in outstanding treasury cheques and $1 million in non-interest bearing notes payable to the International Monetary Fund and the International Bank for Reconstruction and Development are partially offset by increases of $10 million in interest accrued, $2 million in accounts payable, $2 million in interest due and outstanding and $1 million in post office account. The estimated changes in the various accounts are shown in the following table:

TABLE XXXII

(In millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Outstanding Treasury cheques	260·9	265·6	−4·7
Accounts payable	204·1	201·9	2·2
Non-interest bearing notes payable to the International Monetary Fund and the International Bank for Reconstruction and Development	223·8	224·6	−0·8
Matured debt outstanding	29·0	53·7	−24·7
Interest due and outstanding	56·0	54·2	1·8
Interest accrued	130·6	120·2	10·4
Post Office (net liability for money orders, etc.)	22·9	22·4	0·5
Other current liabilities	1·4	1·4	
	928·7	944·0	−15·3

Deposit and trust accounts

Deposit and trust accounts are expected to increase by $3 million during the year. The major changes in this category are increases of $7 million in the Korean operations pool, $3 million in contractors securities cash deposits and $2 million in Indian trust funds and decreases of $5 million in the prairie farm emergency fund, $1 million in the post office savings bank and $2 million in contractors holdbacks. The balance of $5 million in the prairie farm emergency fund at March 31, 1955, together with $4 million collected during the year as levies and $8 million charged to expenditure was used to finance award payments of $17 million.

Annuity, insurance and pension accounts

It is estimated that the annuity, insurance and pension accounts will have increased by $208 million during the fiscal year. The changes in the various accounts for the fiscal year are shown in the following table:

TABLE XXXIII

(In millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or Decrease (—)
	1956 (Estimated)	1955	
Unemployment insurance fund	865·5	852·7	12·8
Less: Investment in bonds and accrued interest	852·5	839·3	13·2
	13·0	13·4	—0·4
Government annuities	932·0	864·5	67·5
Superannuation account	804·8	733·6	71·2
Permanent services pension account	343·0	277·6	65·4
Other	92·2	88·3	3·9
	2,185·0	1,977·4	207·6

The unemployment insurance fund is expected to increase by $13 million during the fiscal year bringing the balance at March 31, 1956 to $866 million. Of this amount it is estimated that $853 million will be invested in bonds and accrued interest and $13 million will be held by the Receiver General in the Consolidated Revenue Fund. The increase of $13 million in the fund represents the amount by which contributions by employers, employees and the government, income from investments and other miscellaneous revenue credited to the fund exceed benefit payments totalling $213 million during 1955-56.

The increase of $71 million in the superannuation account is attributable mainly to the government's contribution of $31 million equal to the estimated current and prior service payments of individuals in 1954-55 and $31 million interest credited to the account. The remainder of the increase is due to the excess of employees' current and prior service contributions over benefit payments.

The government annuities account is expected to show an increase of $67 million, reflecting the amount by which premium receipts, interest credited to the account by the government and the amount required to maintain the reserve exceed payments to annuitants and beneficiaries.

It is expected that the permanent services pension account will show an increase of $65 million, reflecting the government's contribution of $40 million which is made at the rate of one and two-thirds times the current contributions and contributions for arrears, interest on the account which is estimated at $12 million and contributions by permanent services personnel for current service and arrears less payments from the account.

Other annuity, insurance and pension accounts will show an increase of $4 million for the fiscal year.

Old age security fund

Under the Old Age Security Act pensions of $40 per month are paid from the old age security fund to all eligible persons seventy years of age and over without a means test. Payments from the fund during the fiscal year are estimated at $366 million while credits to the fund from the proceeds of the 2 per cent tax on personal incomes (maximum tax $60), the 2 per cent tax on corporation profits and the 2 per cent sales tax are expected to total $316 million. Temporary loans amounting to $50 million will be required to cover the deficit resulting from these transactions during 1955-56. Under the authority of Vote 689 of Appropriation Act, No. 5, 1955 the 1954-55 deficit of $63 million was charged to expenditure in 1955-56.

The following table shows the transactions in the old age security fund for the last two years:

TABLE XXXIV

(In millions of dollars)

Old Age Security Fund	Fiscal Year Ended March 31			
	1956 (Estimated)		1955	
Pension payments		366·1		353·2
Tax receipts—				
2 per cent sales tax	160·0		143·1	
2 per cent individual income tax	102·5		100·9	
2 per cent corporation income tax	53·2	315·7	46·0	290·0
Excess of pension payments over tax receipts covered by temporary loan from the Minister of Finance		50·4		63·2
Carried forward from the previous year		63·2		45·8
Charged to parliamentary appropriation		−63·2		−45·8
Temporary loan outstanding at end of fiscal year		50·4		63·2

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table.

TABLE XXXV

(In millions of dollars)

Old Age Security Payments by Provinces	Fiscal Year Ended March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Newfoundland	7·6	7·5	0·1
Nova Scotia	18·4	18·1	0·3
Prince Edward Island	3·3	3·3	...
New Brunswick	13·2	12·9	0·3
Quebec	77·0	74·7	2·3
Ontario	134·7	130·3	4·4
Manitoba	22·0	21·1	0·9
Saskatchewan	22·3	21·2	1·1
Alberta	22·7	21·4	1·3
British Columbia	44·6	42·5	2·1
Northwest and Yukon Territories	0·3	0·2	0·1
	366·1	353·2	12·9

Undisbursed balances of appropriations to special accounts

This category is set up to record the undisbursed balances of appropriations to special accounts for which moneys have been appropriated by parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made. It is estimated that there will be a net increase of $8 million during the year in these accounts, due chiefly to increases of $5 million in the national defence equipment account and $5 million in the railway grade crossing fund and a decrease of $3 million in the national capital fund.

The railway grade crossing fund is expected to show an increase of approximately $5 million for the year, representing the amount credited to this account and charged to expenditure less disbursements from the account.

The transactions in the national defence equipment account reflect an increase in the undisbursed balance in the account which was established under section 3 of the Defence Appropriation Act, 1950, and continued by subsequent votes of parliament for the same purpose. Under the terms of the Act, the value of defence materials and supplies acquired prior to March 31, 1950, and transferred to members of the North Atlantic Treaty Organization may be credited to the account and these credits may be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian forces. Disbursements from the account during the fiscal year are estimated at $49 million and credits for equipment transferred at $54 million.

Suspense accounts

Suspense accounts are expected to show a net increase of $3 million. The major changes in the accounts of this category are increases of $4 million in balances receivable under agreements of sale of Crown assets and $2 million in the replacement of materiel account and decreases of $1 million in military relief and currency credits and $1 million in emergency gold mining assistance holdbacks.

The replacement of materiel account established by section 11 of the National Defence Act is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for the procurement of replacement materiel. It is estimated that during 1955-56 credits to the account will exceed disbursements by $2 million.

The increase in balances receivable under agreements of sale of Crown assets reflects certain new agreements of sale, including $2 million with Canadian Pratt and Whitney Aircraft Limited and $2 million with English Electric Company Limited.

Unmatured debt

The outstanding unmatured debt at the close of 1955-56 is estimated at $15,394 million. An increase of $946 million reflected in debt payable in Canada will be only partly offset by a decrease of $48 million in debt payable in New York, leaving a net increase for the year in unmatured debt of $898 million.

B. Changes in the Principal Asset Classifications during 1955-56

It is estimated that assets will have increased by $1,052 million during the fiscal year ending March 31, 1956. Increases of $973 million in current assets, $214 million in loans to, and investments in, Crown corporations, $25 million in sinking funds and $10 million in other loans and investments are offset in part by decreases of $71 million in loans to national governments, $25 million in advances to the exchange fund account, $12 million in deferred charges and $63 million in suspense accounts. No change is expected in the reserve for losses on the realization of assets which stood at $496 million at March 31, 1955.

Current Assets

The changes during the fiscal year in the various accounts in this category are shown in the following table:

TABLE XXXVI

(In millions of dollars)

Current Assets	Balance at March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Cash in current and special deposits (including blocked currency of $0·4 million at March 31, 1956 and $1·2 million at March 31, 1955)	528·1	231·1	297·0
Cash in hands of collectors and in transit	124·3	126·2	−1·9
Departmental working capital advances and revolving funds—			
Agricultural prices support account	36·0	31·6	4·4
Defence production revolving fund	70·0	72·8	−2·8
Temporary loan to old age security fund	50·4	.....	50·4
Miscellaneous departmental imprest and advance accounts	19·3	21·5	−2·2
Other	20·7	19·7	1·0
Other current assets—			
Securities investment account	671·6	45·6	626·0
Moneys received after March 31 but applicable to the current year	18·4	17·1	1·3
	1,538·8	565·6	973·2

The estimated increase of $973 million in current assets is due to increases of $626 million in the securities investment account (which records the government's temporary holdings of its own securities including those held for the government employees purchase plan), $297 million in cash in current and special deposits and $51 million in departmental working capital advances and revolving funds.

Of the net increase of $51 million in departmental working capital advances and revolving funds, $50 million is due to temporary loans during 1955-56 to the old age security fund and $4 million to a net increase in the agricultural prices support account offset by decreases of $3 million in the defence production revolving fund and $2 million in miscellaneous imprest and advance accounts.

The amount of $50 million advanced as a temporary loan to the old age security fund is the amount by which pension payments during 1955-56 exceeded tax receipts credited to the fund. The deficit in the fund for 1954-55 was carried in suspense accounts at March 31, 1955 as parliament by Vote 689 of Appropriation Act No. 5, 1955, had authorized the deficit resulting from 1954-55 transactions to be charged to budgetary expenditures in 1955-56.

The estimated increase of $4 million in the agricultural prices support account reflects an increase in inventory holdings during the year estimated at $10 million and a reduction of $6 million in respect of the loss on 1955-56 operations included in the year's expenditures.

The decrease of $3 million in the defence production revolving fund reflects the amount by which credits to the account from the sale of essential materials and defence supplies exceed the cost of acquiring, storing, maintaining and transporting such materials.

Miscellaneous departmental imprest and advance accounts record accountable advances to departments held on deposit in various banks in the name of the department concerned, certain travelling and imprest advances to public officers and advance payments to contractors. During the fiscal year these advances are carried as charges to the relevant appropriations; if they are not repaid or accounted for at the year-end, they are cleared from the appropriation and debited to this account and at the beginning of the new fiscal year are cleared from the account and charged to the appropriation concerned until such time as an accounting is made.

Advances to the exchange fund account

Advances to the exchange fund are estimated at $40 million and repayments at $65 million, resulting in a net repayment of $25 million during the fiscal year.

Sinking fund and other investments held for retirement of unmatured debt

It is expected that there will be an increase of $25 million in this account during the fiscal year 1955-56, due mainly to an increase in the holdings of bonds of various Government of Canada issues payable in United States dollars.

Loans to, and investments in, Crown corporations

It is estimated that loans to, and investments in, Crown corporations will increase by $214 million during the year. The most important changes are net increases of $178 million in loans and advances to the Canadian National Railways, $20 million in advances to the St. Lawrence Seaway Authority, $12 million in advances to Atomic Energy of Canada, Limited and $9 million in loans to the Canadian Broadcasting Corporation and a net decrease of $9 million in loans to Central Mortgage and Housing Corporation.

The changes in this category are shown in the following table:

TABLE XXXVII

(In millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Atomic Energy of Canada Limited	44·0	32·0	12·0
Bank of Canada	5·9	5·9	.....
Canadian Arsenals Limited	7·5	7·5	.....
Canadian Broadcasting Corporation	27·5	19·0	8·5
Canadian Commercial Corporation	6·0	10·0	−4·0
Canadian Farm Loan Board	41·9	37·0	4·9
Central Mortgage and Housing Corporation	565·9	575·0	−9·1
Canadian National Railways	1,111·8	934·0	177·8
Canadian National (West Indies) Steamships Limited	3·7	3·8	−0·1
Canadian Overseas Telecommunication Corporation	7·6	4·1	3·5
Eldorado Mining and Refining Limited	8·2	8·2	.....
Export Credits Insurance Corporation	10·0	10·0	.....
National Harbours Board	107·5	107·2	0·3
Northwest Territories Power Commission	7·8	7·8	.....
Polymer Corporation Limited	30·0	30·0	.....
St. Lawrence Seaway Authority	21·5	1·3	20·2
Other Crown Corporations	1·1	0·7	0·4
	2,007·9	1,793·5	214·4

Advances to Atomic Energy of Canada Limited are estimated at $12 million for the fiscal year, resulting in an increase of $12 million and bringing advances to $44 million at March 31, 1956. The advances are to be covered by obligations or shares of the company in the same amount. Of the total for the year $2 million is for working capital and $10 million for the construction or acquisition of buildings and equipment at Chalk River and Deep River and for the commercial products division at Ottawa.

Loans amounting to $9 million are expected to be made during the year to the Canadian Broadcasting Corporation to cover the capital costs of television installations and to support the development of the service. The total loans to the Corporation outstanding at March 31, 1956 are expected to amount to $28 million.

It is estimated that in the fiscal year ending March 31, 1956, the Government will have made net advances to the Canadian National Railway Company of $157 million for capital purposes and retirement of funded debt in the hands of the public.

In addition, to assist the Company to finance additional expenditures, the Government will have purchased an estimated amount of $21 million of the 4 per cent preferred stock of the Canadian National Railway Company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952 in an amount equal to three per cent of the gross revenues of the Company.

Loans to Central Mortgage and Housing Corporation during the fiscal year are expected to amount to $4 million, of which $3 million is for federal-provincial housing projects and $1 million for house construction. Repayments are estimated at $13 million, of which $9 million is in respect to direct loans by the corporation and joint loans with lending institutions, $3 million on account of advances for house construction and $1 million in respect of loans for federal-provincial projects. The net decrease for the fiscal year in loans to the corporation is thus $9 million.

The net increase in advances to the St. Lawrence Seaway Authority during the year is estimated at $20 million, bringing total loans at the close of the fiscal year to $21 million.

Other increases in loans and advances to Crown corporations include $5 million to the Canadian Farm Loan Board and $4 million to the Canadian Overseas Telecommunication Corporation. It is also expected that there will be a decrease of $4 million in loans and advances to the Canadian Commercial Corporation.

Loans to national governments

It is estimated that loans to national governments will total $1,550 million at the end of the fiscal year, a decrease of $71 million from the total at the close of the previous year. The estimated changes in these loans are shown in the following table:

TABLE XXXVIII

(In millions of dollars)

Loans to National Governments	Balance at March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Loans to United Kingdom—			
The War Appropriation (United Kingdom Financing) Act, 1942	82·5	112·5	−30·0
The United Kingdom Financial Agreement Act, 1946	1,112·1	1,127·3	−15·2
	1,194·6	*1,239·8*	*−45·2*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	48·5	50·8	−2·3
Czechoslovakia	6·0	9·9	−3·9
France	184·1	192·5	−8·4
Indonesia	.....	3·1	−3·1
Netherlands	96·4	101·0	−4·6
Norway	10·5	10·5	.....
	345·5	*367·8*	*−22·3*
Miscellaneous loans and advances—			
France—Military relief credits settlement	2·0	3·0	−1·0
Interim credit—consolidated interest	1·8	1·9	−0·1
Netherlands—Military relief and currency credit settlement	3·4	4·0	−0·6
Union of Soviet Socialist Republics	1·8	3·6	−1·8
Miscellaneous	0·8	0·7	0·1
	9·8	*13·2*	*−3·4*
	1,549·9	1,620·8	−70·9

During the year the Government of the United Kingdom will have reduced the balance of the $700 million interest free loan granted under the provisions of the War Appropriation (United Kingdom Financing) Act, 1942 by $30 million as arranged under the terms of an agreement entered into on August 13, 1953, between the Governments of the United Kingdom and Canada. The balance outstanding at March 31, 1956 is estimated at $83 million. Under the terms of the agreement the loan is to continue to be free of interest until December 1958.

The Government of the United Kingdom has repaid $15 million on account of the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, reducing the unpaid balance to $1,112 million at the close of the fiscal year.

Repayments of advances under Part II of the Export Credits Insurance Act to certain foreign countries to assist them in purchasing goods and services in Canada are estimated at $22 million for the year, as shown in the preceding table. The payment on the loan to Norway, due on June 30, 1955, was received in September 1954, which accounts for no decrease being shown on this loan for the current year. There has been no payment received during the year on account of the $49 million loan to China which now is included in "inactive loans and investments".

Other loans and investments

Other loans and investments are estimated to increase by $10 million during the year. The balances of the main accounts in this category together with the changes during the year are shown in the following table:

TABLE XXXIX

(In millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or Decrease (−)
	1956 (Estimated)	1955	
Subscriptions to capital of, and working capital advances to, international organizations—			
Canada's subscription to capital of—			
International monetary fund	299·0	293·4	5·6
International bank for reconstruction and development	70·9	70·9	.....
Working capital advances to international organizations	1·6	1·7	−0·1
	371·5	*366·0*	*5·5*
Loans to provincial governments—			
Alberta	10·0	10·4	−0·4
British Columbia	19·4	20·1	−0·7
Manitoba	16·2	16·8	−0·6
Nova Scotia	0·1	0·1	.....
Prince Edward Island	0·1	0·1	.....
Saskatchewan	27·3	29·2	−1·9
	73·1	*76·7*	*−3·6*
Soldiers Settlement and Veterans Land Acts advances	162·8	162·5	0·3
Miscellaneous—			
Balances receivable under agreements of sale of Crown assets	11·0	6·8	4·2
Municipal Improvements Assistance Act, 1938	2·9	3·1	−0·2
Dominion Coal Company Limited	4·4	4·4	.....
Acquisition of land to control properties in the vicinity of main terminal airports	3·4	2·0	1·4
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	2·5	2·6	−0·1
Other	9·6	7·0	2·6
	33·8	*25·9*	*7·9*
	641·2	631·1	10·1

The increase of $6 million during the year in Canada's subscription to the capital of the International Monetary Fund is due to the adjustment of the government's Canadian dollar equity in the fund.

Loans to provincial governments are expected to be reduced by the amount of $4 million reflecting repayments by the governments concerned.

Advances under the Soldier Settlement and Veterans Land Acts are expected to increase by $7 million during the year. However, as approximately $7 million will have been added to the reserve for conditional benefits under the Veterans Land Act, there is no net change.

Miscellaneous loans and investments are expected to increase by $8 million during the year due mainly to increases of $4 million in balances receivable under agreements of sale of Crown assets, $1 million in the acquisition of land to control properties in the vicinity of main terminal airports and $3 million in other accounts.

Deferred charges

Unamortized loan flotation costs are expected to decrease by $12 million during the year to $56 million at March 31, 1956. Payments of $8 million for commissions and discounts on new loans are more than offset by the annual amortization charges of $20 million applicable to 1955-56 included in the year's expenditures.

Unamortized portion of actuarial deficiency in the superannuation account

No change is expected during the fiscal year in the unamortized portion of the actuarial deficiency in the superannuation account, the balance at March 31, 1956 remaining at $189 million.

Suspense accounts

The decrease of $63 million in this category is in respect of the 1954-55 deficit in the old age security fund which was included as a charge in budgetary expenditures for 1955-56 under the authority of Vote 689 of Appropriation Act No. 5, 1955. The temporary loan to cover the 1955-56 deficit, estimated at $50 million, is shown under current assets.

Capital assets

This asset category records on the government's statement of assets and liabilities, at a nominal value of $1, the capital assets that are charged to net debt at the time of acquisition or construction.

Inactive loans and advances

This category records those loans and advances which are not currently revenue-producing or realizable. The balance at March 31, 1956 is estimated at $80 million and includes the loan of $49 million to China under the Export Credits Insurance Act, and loans of $24 million to Roumania and $7 million to Greece, made in 1919-20 and 1920-21.

Reserve for losses on realization of assets

There is no change in the reserve for losses on realization of assets during the year, the balance at March 31, 1956 being $496 million, unchanged from the end of the previous year.

C. Increase in Net Debt

The estimated deficit for the fiscal year of $52 million will result in a corresponding increase in the net debt of Canada from $11,263 million at March 31, 1955 to $11,315 million at March 31, 1956.

5. THE CASH POSITION

Although most of the government's financial transactions are reflected in the budgetary accounts it is to be noted that the government also receives and disburses substantial amounts of cash that are not recorded as budgetary revenues and expenditures. These other receipts and disbursements relate to transactions which result in increases or decreases in the government's assets and liabilities and they do not therefore appear in what might be called the government's income account for the fiscal year nor do they enter into the calculation of the annual budgetary surplus or deficit.

As previously indicated it is expected that when the books for the year are closed the budgetary transactions for 1955-56 will have resulted in a deficit of $52 million. However, during the same period it is estimated that unmatured debt in the hands of the public (that is the outstanding unmatured debt less the government's holdings of that debt in the securities investment and sinking fund accounts) will have increased by $247 million while cash balances will have risen by $297 million. It is apparent that in considering the full scope of the government's financial operations and in measuring their effect on the government's cash position and their impact upon the economy, non-budgetary as well as budgetary transactions must be taken into account.

On the assets side the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers.

On the liabilities side the non-budgetary transactions relate mainly to receipts and payments in connection with the many deposit and trust, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes these non-budgetary transactions for 1955-56 and indicates how they, together with the budgetary transactions, affect the government's unmatured debt and cash position. For purposes of comparison the corresponding figures for 1954-55 are also shown:

TABLE XL

(In millions of dollars)

Changes in Cash Position	Fiscal year ended March 31	
	1956 (Estimated)	1955
Non-Budgetary Receipts and Credits (excluding unmatured debt transactions)		
Repayments of loans, investments and working capital advances—		
Loans to Canadian Commercial Corporation	4·0	.....
Advances to defence production revolving fund	2·8	7·4
Loans to Central Mortgage and Housing Corporation	9·1	−43·7
Advances to exchange fund	25·0	−25·0
1942 loan to United Kingdom	30·0	30·0
1946 loan to United Kingdom	15·2	14·8
Loans to other national governments	25·7	26·5
Loans to provincial governments	3·6	3·4
Other loans, investments and working capital advances	2·6	27·0
	118·0	*40·4*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	32·8	34·0
Government contribution to maintain reserve	0·4	0·4
Interest paid by government	34·3	31·6
	67·5	*66·0*
Net insurance and pension account receipts—		
Employee contributions less payments to beneficiaries	24·9	27·0
Government contributions	72·4	74·9
Interest paid by government	43·2	37·5
	140·5	*139·4*
Temporary loans to old age security fund	12·8	−17·4
Net increase in special defence accounts	7·0	−48·1
Net reduction in unamortized loan flotation costs	11·9	3·4
Net increase in reserve for conditional benefits—Veterans Land Act	6·7	8·7
Net receipts in sundry other accounts	20·8	31·7
	385·2	224·1
Non-Budgetary Disbursements and Charges (excluding unmatured debt transactions)		
Loans, investments and working capital advances—		
Advances to agricultural prices support account	4·4	9·3
Loans to Atomic Energy of Canada Limited	12·0	16·0
Loan to Canadian Broadcasting Corporation	8·5	3·0
Loans to Canadian Farm Loan Board	4·9	4·4
Loans to, and investments in, Canadian National Railways	177·8	−93·4
Subscription to capital of International Monetary Fund	5·6	−29·1
Loans to St. Lawrence Seaway Authority	20·2	1·3
Loans under Soldier Settlement and Veterans Land Acts	7·0	9·3
Other loans, investments and working capital advances	13·2	10·4
	253·6	*−68·8*
Net decrease in prairie farm emergency fund	4·7	11·9
Net decrease in matured debt and other demand liabilities	15·3	50·0
Net disbursements from sundry other accounts	9·7	11·7
	283·3	4·8
Net amount available from non-budgetary transactions	101·9	219·3
Deduct Budgetary Deficit	−51·7	−151·8
Overall cash available for debt reduction	50·2	67·5
Net increase or decrease (−) in unmatured debt outstanding in the hands of the public—		
Securities investment account	−626·0	−27·6
Sinking fund	−25·0	−89·0
Unmatured debt	897·8	−79·7
	246·8	*−196·3*
Net increase or decrease (−) in cash balances on deposit to the credit of the Receiver General	297·0	−128·8

Non-budgetary receipts and credits (excluding unmatured debt transactions) are estimated at $385 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) are expected to total $283 million resulting in a net amount of $102 million available from non-budgetary transactions. As the budgetary deficit is estimated at $52 million, $50 million will be available for debt reduction or increase in cash balances. In 1954-55 the excess of receipts over disbursements was $219 million which after deducting the budgetary deficit of $152 million left $67 million available for debt reduction.

Non-budgetary receipts and credits are estimated at $385 million. Repayments of loans, investments and working capital advances are expected to amount to $118 million, including $25 million from the exchange fund, $45 million from the Government of the United Kingdom and $26 million from other national governments. Net government annuity account receipts are estimated at $67 million and net insurance and pension account receipts at $141 million. The net repayment of $13 million in temporary loans to the old age security fund reflects loans of $50 million during the fiscal year and the charge to budgetary expenditures during 1955-56 of the 1954-55 deficit of $63 million. Net receipts in various other accounts are estimated at $46 million.

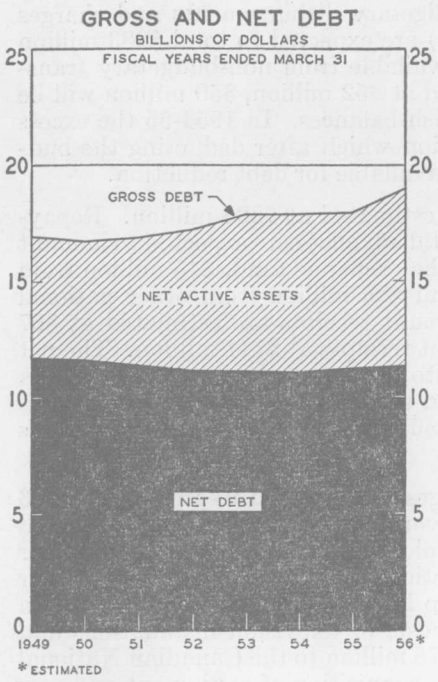
Non-budgetary disbursements and charges are expected to amount to $283 million in 1955-56. Loans, investments and working capital advances, estimated at $254 million, include $12 million to Atomic Energy of Canada Limited for working capital and to finance the construction of the new reactor and other buildings and works at Chalk River and Deep River, $9 million to the Canadian Broadcasting Corporation to cover capital costs of television installations and to support the development of the service, $178 million to the Canadian National Railways for additions and betterments, the acquisition of equipment and new rolling stock, additional working capital and the redemption of maturing Canadian National Railways bond issues, $20 million for loans to The St. Lawrence Seaway Authority for construction purposes, $7 million for loans to veterans and $28 million for other loans, investments and working capital advances. Other non-budgetary disbursements are expected to total $30 million.

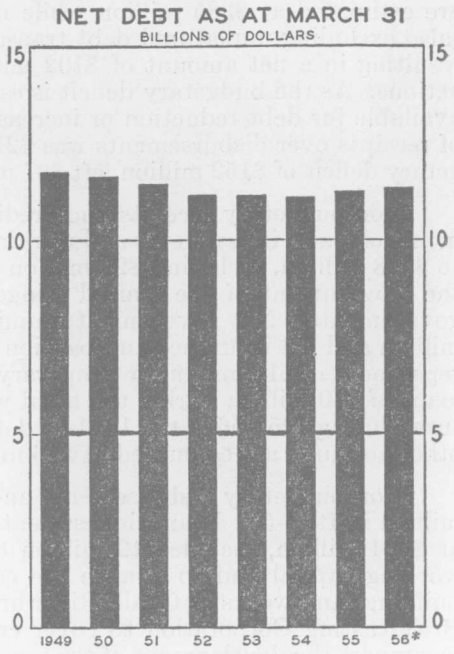
In summary, unmatured debt in the hands of the public after taking into account transactions in the securities investment account and sinking fund is expected to increase by $247 million and this amount with the $50 million available from budgetary and non-budgetary transactions will increase cash balances on deposit with banks by an estimated $297 million.

6. THE PUBLIC DEBT

Gross and net debt

It is estimated that the unmatured debt of Canada will increase by $898 million and other liabilities by $205 million during the fiscal year. Consequently it is expected that the gross public debt of Canada will increase by $1,103 million from $17,952 million at March 31, 1955 to an estimated total of $19,055 million at March 31, 1956. As the government's assets as shown on the statement of assets and liabilities are expected to increase by $1,052 million during the same period, the net debt is expected to increase by $52 million.





The following table shows the relationship between the gross public debt, the unmatured debt and the net debt at the end of each fiscal year, March 31, 1949 to 1956 inclusive, the 1956 amounts being estimated.

TABLE XLI

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, RECORDED ASSETS AND NET DEBT OF CANADA

(In million of dollars)

As at March 31	Gross Public Debt			Less Recorded Assets	Net Debt	Increase or Decrease (−) in Net Debt during Fiscal Year
	Unmatured Debt	Other Liabilities	Total			
1949	15,585·0	1,365·4	16,950·4	5,174·3	11,776·1	−595·5
1950	15,188·1	1,562·7	16,750·8	5,106·1	11,644·6	−131·5
1951	15,026·8	1,896·5	16,923·3	5,490·0	11,433·3	−211·3
1952	14,695·4	2,562·3	17,257·7	6,072·4	11,185·3	−248·0
1953	14,810·5	3,108·0	17,918·5	6,756·8	11,161·7	−23·5
1954	14,576·2	3,347·0	17,923·2	6,807·3	11,115·9	−45·8
1955	14,496·5	3,455·0	17,951·5	6,688·4	11,263·1	147·2
1956 (Estimated)	15,394·3	3,660·6	19,054·9	7,740·1	11,314·8	51·7

Unmatured debt

It is estimated that the unmatured debt of Canada will total $15,394 million at March 31, 1956, an increase of $898 million over March 31, 1955. However, it is to be noted that during the same period the holdings of securities in the sinking fund and the securities investment accounts are expected to increase by $651 million, resulting in an increase of $247 million in the unmatured debt outstanding in the hands of the public. Of the increase of $651 million, $445 million represents the repurchase of treasury notes originally purchased and held by the Bank of Canada.

Summary of security issues and redemptions during the fiscal year

It is estimated that during the fiscal year 1955-56 the government will have issued securities payable in Canadian dollars in the principal amount of $3,229 million (excluding the refunding of treasury bills which mature periodically) and redeemed maturing issues in the amount of $2,331 million, $48 million of which was payable in United States dollars and the balance in Canadian dollars.

The financing of redemptions was effected as follows:

(in millions of dollars)

By proceeds of new issues:		
Canada savings bonds, series 10 (net)	644·1	
Two year ten month loan	100·0	
Increase in treasury bills	710·0	
		1,454·1
By refunding or conversion into new issues		1,775·0
		3,229·1

As a result of these transactions the net increase in unmatured debt is estimated at $898 million.

The amount of treasury bills outstanding at the end of the fiscal year is estimated at $1,600 million or $710 million more than at March 31, 1955. Of this amount $1,340 million is in three month bills and $260 million in nine month bills. The increase of $710 million reflects the government's desire to meet a growing demand for short-term securities.

Details of redemptions and new issues of securities during the fiscal year are set out in the following tables:

TABLE XLII

REDEMPTION OF DEBT DURING FISCAL YEAR ENDING MARCH 31, 1956

Maturity Date	Interest Rate	Where Payable	Amount
	%		$
May 2, 1955	1½	Canada	500,000,000
May 2, 1955	1⅜	Canada	200,000,000
July 1, 1955	2¼	Canada	200,000,000
July 1, 1955	2¼	Canada	400,000,000
November 1, 1955	1⅜	Canada	675,000,000
January 15, 1961 (1)	3¼	New York	48,000,000
Canada Savings Bonds Series 1-9	2¾–3¾	Canada	308,247,000
Total Redemption of Debt	.....	.....	2,331,247,000

(1) Called for redemption January 15, 1956.

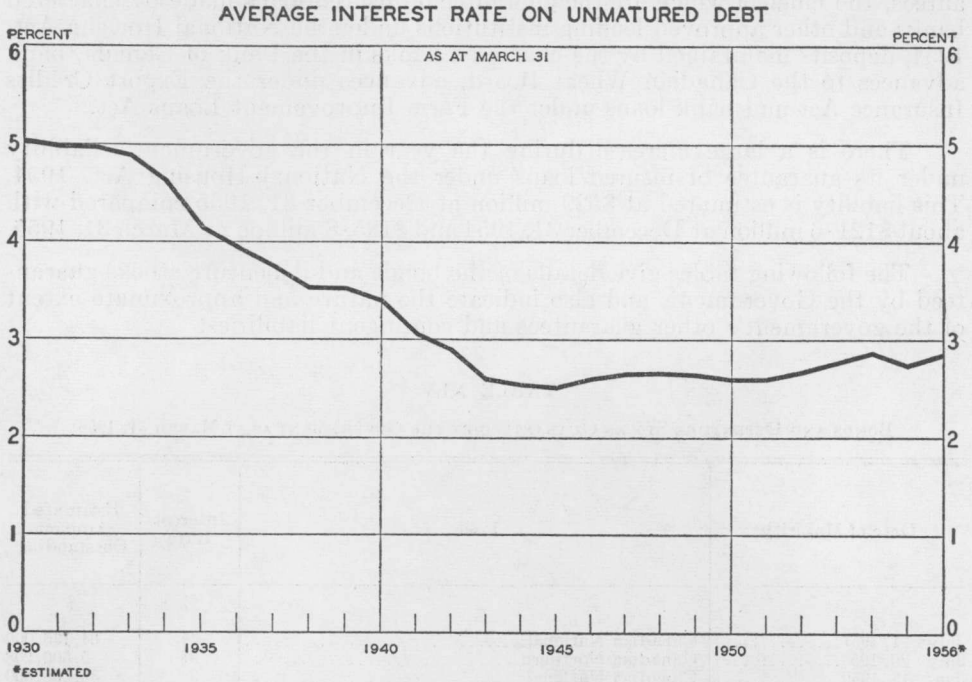
TABLE XLIII

NEW SECURITY ISSUES DURING FISCAL YEAR ENDING MARCH 31, 1956

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
			%		%	$	$	$
Issued to Bank of Canada								
Six Months Treasury Notes	May 2, 1955	Nov. 1, 1955	1¾	100	1·375	675,000,000	675,000,000	
Six Months Treasury Notes	Nov. 1, 1955	May 1, 1956	2¼	100	2·25	500,000,000	500,000,000	
						1,175,000,000	1,175,000,000	
Issued to General Public								
Loan, Two Years, Ten Months	July 1, 1955	May 1, 1958	2	99·85	2·06	700,000,000	600,000,000	100,000,000
Canada Savings Bonds Series 10 (net)	Nov. 1, 1955	Nov. 1, 1967	3¼	99·25	3·33	644,100,000	.....	644,100,000
Increase in Treasury Bills	Various	Various	Various	Various	Various	710,000,000	.....	710,000,000
						2,054,100,000	600,000,000	1,454,100,000
GRAND TOTAL	.....	.....	.....	.....	.....	3,229,100,000	1,775,000,000	1,454,100,000

Interest rates

Interest rates rose sharply during the year, particularly on short-term securities. The average interest rate on the government's outstanding unmatured debt at March 31, 1956 is estimated at 2·86 per cent compared with 2·74 per cent at the end of the previous fiscal year and 2·60 per cent at March 31, 1951.



There has also been a rise in treasury bill yields during 1955-56. The yield on the issue of three month bills sold on March 9, 1956 was 2·60 per cent compared with 1·13 per cent for the last issue sold in 1954-55.

The following table shows the high and low yields together with the yield on the last issue for the fiscal years 1946-47 to 1955-56 inclusive on three month and nine month bills.

TABLE XLIV
TREASURY BILL YIELDS

Fiscal Year	Three-month bills			Nine-month bills		
	High	Low	Last issue	High	Low	Last issue
	per cent	per cent	per cent	per cent	per cent	per cent
1946-47	·404	·373	·404	.....	.....	.....
1947-48	·411	·406	·411	.....	.....	.....
1948-49	·451	·410	·451	.....	.....	.....
1949-50	·513	·489	·512	.....	.....	.....
1950-51	·754	·512	·754	.....	.....	.....
1951-52	·943	·754	·943	.....	.....	.....
1952-53	1·521	·956	1·521	2·380	2·249	2·380
1953-54	1·965	1·513	1·585	2·756	1·903	1·903
1954-55	1·615	·782	1·130	1·908	1·095	1·342
1955-56(1)	2·636	1·084	(2)2·604	2·900	1·285	(3)2·900

(1) For the period from April 1, 1955 to March 9, 1956
(2) Sold March 9, 1956.
(3) Sold November 25, 1955.

Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities the Government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, or as to interest only, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

There is a large increase during the year in the government's liability under its guarantee of insured loans under the National Housing Act, 1954. This liability is estimated at $529 million at December 31, 1955 compared with about $121·6 million at December 31, 1954 and $185·8 million at March 31, 1955.

The following tables give details of the bonds and debenture stocks guaranteed by the Government, and also indicate the nature and approximate extent of the government's other guarantees and contingent liabilities.

TABLE XLV

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT AS AT MARCH 31, 1956

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
July 1, 1957	Canadian National	4½	64,136,000
July 20, 1958	Canadian Northern	3½	5,500,208
Jan. 15, 1959	Canadian National	3	35,000,000
May 4, 1960	Canadian Northern Alberta	3½	316,856
May 19, 1961	Canadian Northern Ontario	3½	2,069,805
Jan. 1, 1962	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962	Grand Trunk Pacific	4	7,999,074
Feb. 1, 1963	Canadian National	2¾	250,000,000
Jan. 3, 1966	Canadian National	3	35,000,000
Jan. 2, 1967	Canadian National	2¾	50,000,000
Sept. 15, 1969	Canadian National	2⅞	70,000,000
Jan. 16, 1971	Canadian National	2⅞	40,000,000
Feb. 1, 1974	Canadian National	3¾	200,000,000
June 15, 1975	Canadian National	2¾	6,000,000
Perpetual	Grand Trunk Debenture Stock	5	56,790
Perpetual	Grand Trunk Debenture Stock	4	11,068
			792,554,931

TABLE XLVI

Other Outstanding Guarantees and Contingent Liabilities

	Estimated Amount Outstanding
Province of Manitoba Treasury Bill (March 31, 1956).	$ 500,000
Deposits maintained by the chartered banks in the Bank of Canada (March 7, 1956).....	546,628,871
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act (December 31, 1955).....	Indeterminate
Loans made by approved lending institutions under the Home Improvement Loans Guarantee Act, 1937 (December 31, 1955).....	43
Loans made by approved lending institutions under Part IV of the National Housing Act, 1944, for home extensions and improvements (December 31, 1955).....	4,285
Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements (December 31, 1955).....	21,336,699
Guarantees to approved lending institutions in respect of land assembly projects under the National Housing Acts, 1944 and 1954 (December 31, 1955)	Nil
Insured loans made by approved lenders under the National Housing Act, 1954 (December 31, 1955)	529,000,000
Guarantees under the Export Credits Insurance Act Part I (March 31, 1956).....	36,000,000
Guarantees under the Export Credits Insurance Act Part II (March 31, 1956).....	6,375,000
Loans made by chartered banks under the Farm Improvement Loans Act (December 31, 1955)....	35,712,360
Loans made by chartered banks under The Veterans' Business and Professional Loans Act (December 31, 1955).....	2,502,822
Loans made by chartered banks under the Prairie Grain Producers' Loans Act (December 31, 1955)	673,107
Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1951 (February 28, 1956).....	600
Loans made by chartered banks to Canadian Wheat Board (February 29, 1956).....	86,209,001

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

UNMATURED DEBT

The Budget—Appendix

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1951–52	1952–53	1953–54	1954–55	Estimated 1955–56
	$	$	$	$	$
TAX REVENUES—					
Income tax—					
Personal (1)	975·7	1,180·0	1,187·7	1,183·4	1,180·0
Corporation (1)	1,130·7	1,240·1	1,191·2	1,020·6	1,035·0
On dividends, interets, etc. going abroad	55·0	53·7	53·8	61·3	67·0
Excess profits tax	2·4	.....	.....	.....	.....
Excise taxes—					
Sales taxes(1) (2)	587·2	566·2	587·3	572·2	640·0
Other excise taxes—					
Automobiles, tires and tubes	100·9	89·9	106·1	81·8	81·0
Beverages (soft drinks)	19·2	12·5	11·7	8·2	8·7
Candy and chewing gum	11·5	12·4	12·8	9·9	9·2
Cigarettes, cigars and tobacco	106·3	102·6	113·2	114·5	122·5
Cigarette papers and tubes	0·4	.....	.....	.....	.....
Electrical appliances	4·9	4·3	5·1	0·4	.....
Furs	4·8	5·7	3·7	0·1	.....
Jewellery, watches, ornaments, etc.	9·7	7·5	7·2	4·8	5·0
Matches and lighters	1·9	1·4	1·4	0·9	0·9
Stamps on cheques, money orders, etc.	11·3	10·6	.....	.....	.....
Stoves, washing machines and refrigerators	10·9	1·5	.....	.....	.....
Television sets, radios, tubes and phonographs	8·2	10·7	16·8	21·5	23·0
Toilet preparations	8·5	7·2	7·1	5·2	5·6
Trunks, bags, luggage, etc.	4·0	3·6	3·5	0·4	.....
Wines	2·2	2·2	2·2	2·4	2·5
Sundry commodities	7·2	6·0	6·4	2·3	2·1
Licences, interest and miscellaneous	0·5	0·5	0·4	0·4	0·4
Less refunds	−13·7	−2·9	−1·6	−0·8	−0·9
	298·7	*275·7*	*296·0*	*252·0*	*260·0*
Customs duties	346·4	389·4	407·3	397·2	475·0
Excise duties—					
Spirits, malt and beer	120·9	127·7	133·0	130·1	140·2
Cigarettes, cigars and tobacco	100·7	116·9	97·0	100·8	108·6
Less refunds	−3·7	−3·3	−3·3	−4·4	−3·8
	217·9	*241·3*	*226·7*	*226·5*	*245·0*
Succession duties	38·2	38·1	39·1	44·8	75·0
Tax on insurance premiums	4·8	12·4	13·8	14·5	15·0
Miscellaneous tax revenue	0·8	0·7	0·7	1·0	1·0
	3,657·8	*3,997·6*	*4,003·6*	*3,773·5*	*3,993·0*
NON-TAX REVENUES—					
Bullion and coinage	4·8	4·4	4·2	1·8	2·8
Post Office—net postal revenue	104·6	111·9	111·0	131·3	136·8
Premium, discount and exchange	17·7	1·5	0·8	.....	1·6
Return on investments	123·0	125·5	152·1	134·0	147·0
Other	73·0	119·9	124·6	82·9	104·2
	323·1	*363·2*	*392·7*	*350·0*	*392·4*
TOTAL REVENUE	3,980·9	4,360·8	4,396·3	4,123·5	4,385·4

(1) Excluding tax credited to the old age security fund—

	1951–52	1952–53	1953–54	1954–55	Estimated 1955–56
2% personal income tax	0·1	45·3	90·7	100·9	102·5
2% corporation income tax	2·0	36·8	55·6	46·0	53·2
2% sales tax	24·3	141·6	146·8	143·1	160·0

(2) The total for 1951–52 represents gross collections less transfer to the old age security fund, and in subsequent years the totals are net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

——	1951–52	1952–53	1953–54	1954–55	Estimated 1955–56
	$	$	$	$	$
Agriculture—					
Administration and general	0·7	0·8	0·9	1·0	1·1
Science service	7·0	8·1	9·0	9·3	9·3
Experimental farms service	7·7	8·3	8·6	9·6	10·9
Production service	9·3	9·3	9·5	10·0	10·4
Marketing service	4·6	4·8	4·2	9·3	6·9
Rehabilitation and reclamation projects	11·8	13·9	14·7	12·6	12·3
Freight assistance on western feed grains	15·0	20·7	17·0	19·0	15·5
Premium on hog carcasses suitable for export to United Kingdom	5·4	6·4	4·7	5·1	5·8
Net operating loss-Agricultural prices support account	1·7	32·5	37·7	3·1	5·8
Deficit—Prairie farm emergency fund	.....	.....	.....	.....	8·0
Other expenditure	3·9	1·9	2·1	2·8	2·1
	67·1	*106·7*	*108·4*	*81·8*	*88·1*
Atomic Energy	12·3	12·9	12·7	15·0	19·5
Auditor General's Office	0·6	0·6	0·6	0·7	0·7
Canadian Broadcasting Corporation	8·3	8·2	8·3	8·4	8·2
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	.....	.....	16·7	20·8	23·0
	8·3	*8·2*	*25·0*	*29·2*	*31·2*
Office of the Chief Electoral Officer	0·4	0·5	5·5	0·3	0·5
Citizenship and Immigration—					
Administration and general	1·2	1·4	1·7	1·7	2·8
Immigration branch	8·1	7·1	7·3	8·3	8·3
Indian Affairs branch	14·0	15·2	16·5	18·0	21·6
	23·3	*23·7*	*25·5*	*28·0*	*32·7*
Civil Service Commission	1·7	1·9	2·1	2·3	2·5
Defence Production—					
Administration and general	8·3	9·7	10·1	9·2	9·8
Capital assistance to defence industry	22·7	79·1	37·8	9·7	6·5
	31·0	*88·8*	*47·9*	*18·9*	*16·3*
External Affairs	8·2	9·2	10·3	11·9	13·7
Membership in commonwealth and international organizations	2·7	3·5	3·5	4·4	4·4
Assistance to other countries and international organizations	26·7	26·6	31·9	27·5	27·3
	37·6	*39·3*	*45·7*	*43·8*	*45·4*
Finance—					
Departmental administration and general	8·3	9·4	9·4	9·3	13·8
Office of the Comptroller of the Treasury	12·6	13·3	13·7	14·9	15·1
Interest on public debt	432·4	451·3	476·1	477·9	490·9
Additional amount required to place interest on public debt on accrual basis	87·5	.....	.....	.....	.....
Cost of issuing new loans and annual amortization of bond discounts and commissions	10·7	13·1	19·1	23·6	21·4
Servicing of public debt	0·4	0·5	0·6	0·8	0·6
Subsidies to provinces	20·1	20·1	20·1	20·4	20·4
Compensation to provinces—					
Tax rental agreements, 1947 Act	96·9	23·8	.....	.....	.....
Tax rental agreements, 1952 Act	.....	284·8	309·2	327·4	319·7
Transfer of certain public utility tax receipts, under tax rental agreements	3·7	4·4	6·8	7·3	8·9
Transitional grant to Newfoundland	6·5	5·6	4·8	3·9	3·1
Government contributions with respect to the superannuation account—					
General	12·9	13·8	16·4	37·4	31·5
Special	98·0	25·0	38·0	.....	.....
Grants to universities	7·0	5·1	5·2	5·4	5·6
Implementation of guarantees (Ming Sung Industrial Co. Ltd.)	1·3	1·7	1·6	1·5	1·5

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1951–52	1952–53	1953–54	1954–55	Estimated 1955–56
	$	$	$	$	$
Finance—*concluded*					
Premium, discount and exchange	.....	.....	.....	3·8	.....
Wartime Prices and Trade Board—Administration	0·2	.....	.....	.....	.....
Commodity Prices Stabilization Corporation Limited	0·1	.....	0·3	0·1	.....
Relief *re Hurricane Hazel*	.....	.....	.....	0·3	0·4
Provision for reserve for losses on realization of assets	75·0	75·0	50·0	.....	.....
	873·6	*946·9*	*971·3*	*934·0*	*932·9*
Fisheries	8·7	10·8	9·3	11·2	12·6
Governor General and Lieutenant-Governors	0·3	0·4	0·4	0·4	0·4
Insurance	0·4	0·4	0·4	0·5	0·5
Justice	5·1	5·6	5·8	5·9	6·7
Office of the Commissioner of Penitentiaries	8·9	9·3	9·2	10·5	11·1
	14·0	*14·9*	*15·0*	*16·4*	*17·8*
Labour	9·5	10·1	9·6	9·4	9·6
Government annuities—amount required to maintain reserve	0·9	0·7	0·1	0·4	0·4
Unemployment Insurance Act, 1940—Administration and general	23·9	25·1	26·1	28·3	27·1
Government contribution	30·0	31·1	31·8	31·7	33·9
	64·3	*67·0*	*67·6*	*69·8*	*71·0*
Legislation—					
House of Commons	4·3	4·5	4·0	4·8	5·0
Library of Parliament	0·1	0·3	0·3	0·3	0·3
Senate	1·2	1·1	1·0	1·3	1·3
General	0·3	0·3	0·3	0·3	0·3
	5·9	*6·2*	*5·6*	*6·7*	*6·9*
Mines and Technical Surveys	10·8	12·0	13·0	16·4	17·8
Dominion Coal Board	5·1	6·5	10·3	11·8	11·2
Emergency gold mining assistance	11·8	11·2	15·2	15·5	10·5
	27·7	*29·7*	*38·5*	*43·7*	*39·5*
National Defence—					
General	0·3	0·3	0·3	0·3	0·5
Defence forces, Army, Navy and Air services	1,217·6	1,557·7	1,424·3	1,313·8	1,453·5
Mutual aid to NATO countries	126·4	246·3	300·2	260·0	175·0
Defence research and development	35·4	43·0	40·8	50·0	65·9
Pensions—					
Payments under defence services pension act	5·1	5·1	5·1	5·2	5·3
Government contribution to permanent services pension account	30·7	30·0	35·2	36·7	40·1
	1,415·5	*1,882·4*	*1,805·9*	*1,666·0*	*1,740·3*
National Film Board	2·7	2·9	3·0	3·4	4·1
National Health and Welfare	21·1	23·0	28·0	28·6	30·9
General health grants	24·3	27·3	29·2	31·6	33·5
Family allowances	320·4	334·2	350·1	366·5	382·4
Old age pensions including pensions to blind persons	80·2	.....	.....	.....	.....
Old age assistance, blind and disabled persons allowances	3·0	22·1	23·2	24·2	29·9
Deficit—Old age security fund	49·7	.....	.....	45·8	63·3
	498·7	*406·6*	*430·5*	*496·7*	*540·0*
National Research Council	12·8	15·4	15·4	15·7	16·3
National Revenue including taxation division	45·8	47·3	49·9	55·0	56·7
Northern Affairs and National Resources	17·4	19·5	19·3	20·2	25·8
Post Office	98·0	105·6	113·6	123·6	126·5
Privy Council including Prime Minister's Office	4·1	3·8	3·7	3·8	4·0
Public Archives and National Library	0·3	0·3	0·4	0·4	0·5
Public Printing and Stationery	1·1	1·6	2·0	2·1	2·3
Public Works	79·1	83·9	101·5	112·7	125·0
Trans-Canada highway contributions	12·8	14·0	13·4	18·1	15·0
	91·9	*97·9*	*114·9*	*130·8*	*140·0*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1951–52	1952–53	1953–54	1954–55	Estimated 1955–56
	$	$	$	$	$
Royal Canadian Mounted Police	27·3	31·1	33·9	35·5	37·0
Secretary of State	2·4	2·2	3·3	2·7	3·0
Trade and Commerce	21·8	16·5	16·5	17·5	18·1
Assistance re storage costs on grain	.....	.....	.....	.....	19·2
	21·8	*16·5*	*16·5*	*17·5*	*37·3*
Transport—					
Administration and general	3·2	3·2	4·2	7·0	8·2
Canal services	8·0	9·9	8·4	7·8	8·4
Marine services	17·5	21·7	20·3	21·3	21·0
Railway and steamship services	2·3	10·5	20·4	26·7	16·5
Maritime freight rates act	10·0	10·1	10·5	10·5	11·2
Air services	36·3	39·2	41·4	44·7	58·2
Canadian Maritime Commission	4·4	4·0	4·2	4·2	4·3
Deficits—					
Canadian National Railway	15·0	.....	.....	28·8	.....
Canadian National (West Indies) Steamships Limited	0·5	.....	0·6	0·6	0·1
Prince Edward Island car ferry and terminals	1·4	1·5	1·6	1·5	1·6
North Sydney—Port-aux-Basques ferry and terminals	.....	1·8	2·2	2·2	3·1
National Harbours Board	0·1	0·1	.....	.....	.....
Non-Active assets—					
National Harbours Board	1·2	1·9	4·2	3·9	3·1
	99·9	*103·9*	*118·0*	*159·2*	*135·7*
Veterans Affairs—					
Administration and general	2·5	3·6	2·3	2·3	2·2
Pensions	103·7	127·1	127·6	128·8	130·6
Treatment and after-care of returned soldiers and allowances to dependents	76·1	78·5	79·5	82·2	93·1
Hospital accommodation, additions, alterations and improvements	3·8	4·0	4·1	3·9	3·3
Post-discharge rehabilitation benefits	6·6	3·8	2·5	2·6	1·8
War service gratuities and re-establishment credits	9·8	10·7	8·9	6·0	3·7
Soldier settlement and veterans land acts	5·9	5·7	5·3	5·4	5·5
Provision for reserve for conditional benefits under veterans land act	7·6	8·0	8·5	8·9	8·9
	216·0	*241·4*	*238·7*	*240·1*	*249·1*
TOTAL EXPENDITURE	3,732·9	4,337·3	4,350·5	4,275·4	4,437·1

The Budget—Appendix

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1951–52	1952–53	1953–54	1954–55	Estimated 1955–56
	$	$	$	$	$
LOANS TO, AND INVESTMENTS IN, CROWN CORPORATIONS					
Atomic Energy of Canada, Limited	.....	8·8	7·2	16·0	12·0
Canadian Broadcasting Corporation	0·9	2·0	4·7	3·0	8·5
Canadian Commercial Corporation	6·5	.....	.....	.....	Cr. 4·0
Canadian Farm Loan Board	1·3	1·6	3·7	4·4	4·9
Canadian National Railways	140·0	141·8	Cr. 18·1	Cr. 93·4	177·8
Canadian National (West Indies) Steamships Limited	Cr. 0·2	.....	.....	3·6	Cr. 0·1
Canadian Patents and Development Limited	Cr. 0·3	.....	.....	.....	.....
Central Mortgage and Housing Corporation	73·6	72·6	98·8	43·7	Cr. 9·1
Commodity Prices Stabilization Corporation	.....	.....	Cr. 1·2	.....	.....
National Harbours Board	0·2	Cr. 0·1	Cr. 0·6	1·0	0·3
Polymer Corporation Limited	Cr. 3·0	Cr. 1·0	Cr. 3·0	Cr. 4·0	.....
St. Lawrence Seaway Authority	.....	.....	.....	1·3	20·2
Other Crown corporations	2·6	6·8	Cr. 2·8	0·3	3·9
	221·6	232·5	88·7	Cr. 24·1	214·4
LOANS TO NATIONAL GOVERNMENTS					
United Kingdom—					
The War Appropriation (U.K. Financing) Act, 1942	Cr. 31·1	Cr. 24·3	Cr. 53·6	Cr. 30·0	Cr. 30·0
The United Kingdom Financial Agreement Act, 1946	Cr. 14·0	Cr. 14·3	Cr. 14·6	Cr. 14·8	Cr. 15·2
Export Credits Insurance Act	Cr. 20·7	Cr. 20·6	Cr. 19·4	Cr. 23·6	Cr. 22·3
Other	5·5	Cr. 1·6	Cr. 4·9	Cr. 2·9	Cr. 3·4
	Cr. 60·3	Cr. 60·8	Cr. 92·5	Cr. 71·3	Cr. 70·9
OTHER LOANS AND INVESTMENTS					
Subscriptions to capital of, and working capital advances to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	.....	.....	.....	Cr. 29·1	5·6
International bank for reconstruction and development	0·2	.....	.....	.....	.....
Working capital advances to international organizations	.....	.....	.....	1·7	Cr. 0·1
Loans to provincial governments	Cr. 3·9	Cr. 3·5	Cr. 3·4	Cr. 3·4	Cr. 3·6
Miscellaneous—					
Balances receivable under agreements of sale of Crown assets	Cr. 0·9	0·9	8·5	Cr. 8·0	4·2
Soldier settlement and veterans land act advances	1·5	Cr. 1·3	Cr. 0·7	0·6	0·3
Other	2·7	Cr. 0·5	Cr. 0·1	3·9	3·7
	Cr. 0·4	Cr. 4·4	4·3	Cr. 34·3	10·1
Sinking fund and other investments held for retirement of unmatured debt	3·2	1·7	74·2	89·0	25·0
Net total of changes in loans and investments	164·1	169·0	74·7	Cr. 40·7	178·6

UNMATURED DEBT AND TREASURY BILLS AS AT MARCH 31, 1956 AND THE ANNUAL INTEREST PAYABLE THEREON

Date of maturity	Rate per cent	Where payable	Amount of loan	Annual interest charge
			$	$
1956, May 1	2¼	Canada	500,000,000	11,250,000
July 1	2¼	Canada	400,000,000	9,000,000
November 1	2¾	Canada	*56,500,000	1,553,750
December 15	2¼	Canada	550,000,000	12,375,000
1957, October 1	2	Canada	700,000,000	14,000,000
November 1	2¾	Canada	*30,100,000	827,750
1958, May 1	3	Canada	300,000,000	9,000,000
May 1	2	Canada	700,000,000	14,000,000
November 1	2¾	Canada	*27,700,000	761,750
1959, January 1	3	Canada	1,197,324,750	35,919,742
November 1	2¾	Canada	*40,900,000	1,124,750
1960, June 1	3	Canada	1,165,300,350	34,959,011
November 1	2¾	Canada	*37,500,000	1,031,250
1962, February 1	3	Canada	1,315,639,200	39,469,176
August 1	3½	Canada	*137,500,000	4,812,500
1963, July 1	3	London	(1) 49,833,091	1,494,993
July 1	3¼	London	(1) 1,978,362	64,297
August 1	3¾	Canada	*152,300,000	5,711,250
August 1	3	New York	(2) 150,000,000	4,500,000
October 1	3	Canada	1,295,819,350	38,874,581
1965, November 1	3¾	Canada	*632,800,000	23,730,000
1966, June 1	3¼	Canada	54,703,000	1,777,848
September 1	3	Canada	1,691,796,700	50,753,901
November 1	3½	Canada	*607,500,000	19,743,750
1967, November 1	3¼	Canada	*644,100,000	20,933,250
1968, June 15	2¾	Canada	350,000,000	9,625,000
1974, September 1	2¾	New York	(2) 100,000,000	2,750,000
1975, September 15	2¾	New York	(2) 50,000,000	1,375,000
1976, June 1	3¼	Canada	300,000,000	9,750,000
1978, January 15	3¾	Canada	100,000,000	3,750,000
1979, October 1	3¼	Canada	400,000,000	13,000,000
Perpetuals	3	Canada	55,000,000	1,650,000
Various, three months treasury bills	(3) 2·604	Canada	1,340,000,000	34,893,600
Various, nine months treasury bills	2	Canada	260,000,000	5,200,000
			15,394,294,803	439,662,149
Payable in Canada			15,042,483,350	429,477,859
Payable in London			51,811,453	1,559,290
Payable in New York			300,000,000	8,625,000
			15,394,294,803	439,662,149

* Estimated.

(1) Conversion rate $2.80 to the pound sterling.

(2) Conversion rate $1.00 Can. to the U.S. dollar.

(3) Rate of discount on bills sold March 9, 1956.

HOUSE OF COMMONS

Wednesday, March 21, 1956

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

CRIMINAL LAW—CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. D. F. Brown (Essex West) presented the first report of the joint committee of the Senate and the House of Commons on capital and corporal punishment and lotteries, and moved that the report be concurred in.

Motion agreed to.

FEDERAL DISTRICT COMMISSION—CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. Armand Dumas (Villeneuve) presented the first report of the joint committee of the Senate and the House of Commons on the federal district commission, and moved that the report be concurred in.

Motion agreed to.

DOMINION-PROVINCIAL RELATIONS

FISCAL ARRANGEMENTS—TABLING OF LETTER TO PROVINCIAL PREMIERS

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to table two copies in French and in English of a letter addressed on March 19, 1956, by the Prime Minister (Mr. St. Laurent) to the premiers of all the provinces with regard to fiscal matters. Hon. members will probably wish to have these letters printed as an appendix to *Hansard*, as was done with the previous correspondence on this subject.

Mr. Speaker: Is it the pleasure of the house to agree to this suggestion of having these documents printed in *Hansard*?

Some hon. Members: Agreed.

(*For text of letters see appendix, page 2484.*)

STARRED QUESTIONS

CEREBRAL PALSY RESEARCH ASSISTANCE

Question No. 25—**Mr. Follwell:**

Is any research on cerebral palsy being assisted under the health grants program?

Mr. Robertson: Yes; assistance is being given under the national health program to studies being carried on in Winnipeg on the causes of cerebral palsy and its relationship to premature birth. Special attention is being given to a study of the effect of jaundice on the brain of newborn infants. The information obtained as a result of this research is expected to be extremely useful to doctors in their efforts to develop ways of preventing this serious affliction. In Ontario, other studies are being assisted under the health grants program on the relationship of heredity to cerebral palsy and on the assessment and evaluation of methods of treatment.

LOGGERS SENT TO BRITISH COLUMBIA

Question No. 39—**Mr. Barnett:**

1. Has the government received a request this year for assistance in a special arrangement to send loggers to British Columbia? If so, from whom was this request received?
2. Have objections to such a proposal been made to the government? If so, by whom?
3. What action, if any, has the government taken on this request?

Mr. Gregg:

1. No; but in January, 1956, the national employment service cleared to the Atlantic region an order for 100 chokermen for British Columbia in accordance with normal clearance order practice. This order originated in Vancouver.

2. No record of any such objections.

3. Answered by Nos. 1 and 2.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FUR PELT IMPORTS, 1955

Question No. 276—**Mr. Lennard:**

1. How many fur pelts were imported into Canada from January 1, to December 31, 1955?
2. How many of each variety and from what countries were they imported?

TRADE WITH COMMUNIST COUNTRIES

Question No. 303—**Mr. Holowach:**

1. What was the total value of exports and imports between Canada and any of the following countries: U.S.S.R., Czechoslovakia, Hungary, communist China and Taiwan, for the calendar years 1954, 1955?
2. What were the principal items of (a) exports; (b) imports?
3. Were any of these acquired on a credit basis?
4. If so, what are the outstanding amounts owing Canada to this date?
5. How many pounds of aluminum, lead, copper, nickel, have been sent to these countries, during each of the above years?
6. What was the total value of such shipments?

FEDERAL PRINTING CONTRACTS, N.B.

Question No. 308—**Mr. Murphy (Westmorland):**

1. How many companies or persons in New Brunswick were awarded contracts or worked on any other basis for the federal government, with respect to printing, in the fiscal years ending March 31, 1953, 1954 and 1955?
2. What are the names and head offices of the companies or persons and what were the amounts of such contracts or work?

FEDERAL SCHOLARSHIPS TO FOREIGN STUDENTS

Question No. 338—**Mr. Tustin:**

1. Does any department, agency or crown company of the federal government give scholarships to foreign students?
2. If so, what are the details?

MOTIONS FOR PAPERS

CAUGHNAWAGA INDIAN RESERVE—EXPROPRIATION OF LAND

Motion No. 31—**Mr. Castleden:**

For a copy of all correspondence, telegrams, maps, agreements, proposals and other documents exchanged between the St. Lawrence seaway authority and the Department of Citizenship and Immigration, to date, relative to the expropriation of land from the Caughnawaga Indian reserve.

Mr. Pickersgill: I would ask that this motion be transferred to notices of motions.

Mr. Speaker: It shall be transferred accordingly.

CAUGHNAWAGA INDIAN RESERVE

Motion No. 32—**Mr. Castleden:**

For a copy of all correspondence, telegrams, maps, agreements, proposals and other documents exchanged between the band council or members of the Indian band of Caughnawaga reserve and the Department of Citizenship and Immigration, since April 1, 1955, to date.

Mr. Pickersgill: I would make the same request in respect to this motion.

Mr. Speaker: This motion shall be transferred accordingly.

Mr. Castleden: May I object to the motion made by the minister?

Mr. Speaker: The minister is not making a motion. He is simply taking advantage of the provisions of standing order No. 47 which says:

All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "notices of motions".

Any hon. member of this house may ask that a notice of motion of this kind be so transferred.

Mr. Knowles: On a point of order, Mr. Speaker; does not someone have to express a desire for a debate? No one has expressed any such desire.

[Mr. Holowach.]

Mr. Pickersgill: I express that desire, sir, in both cases.

Mr. Fulton: Surely it is up to the member who moves the motion to indicate that he desires a debate. Surely the government cannot defeat a desire for papers by the subterfuge of having it transferred to an order for debate which will never be reached.

Mr. Speaker: Hon. members find, perhaps, that this procedure is unusual because it has been customary for us to accommodate ourselves and to allow the minister to explain his reasons for opposing the motion. Hon. members will have to bear with me if they insist that I give a ruling. I am sorry; it will not be a periodical lecture but it will be a very unscheduled lecture. However, I am prepared to deal with the point right now.

I have to refer hon. members to the time when standing order 47 was adopted in the session of 1909-10. Sir Wilfrid Laurier, in moving the new amendment which is the standing order as it now reads, had this to say to hon. members who complained that it should not be up to the government to decide if a debate be desired and a motion be transferred. Sir Wilfrid Laurier agreed to that suggestion and amended it so it would not read, "If on such motion the government would desire a debate", but would read, "If on such motion a debate is desired". Later some hon. members contended that notices of motion may never be reached. In reply Sir Wilfrid Laurier at that time said this was possible, but it will take that chance. With those comments the new rule 47 as we have it today was adopted.

Now, there have been notices of motion that have been placed on the order paper with no asterisk. It is unusual, but it has happened. I can refer hon. members to one that was placed on the order paper under notices of motion and fully debated, in volume II, April 11, 1921, and the debate appears on pages 1846 to 1851 inclusive. What they attempted to do when they debated the adoption of the standing order was to make a difference as between opposed and unopposed motions. Sir Wilfrid Laurier said that there are many notices of motion that go through every day unopposed, so let us make those non-debatable. Later, when he was in the opposition a member moved a motion which was opposed by a minister. I refer hon. members to volume I, 1915, March 3, page 611, where it says that a notice of motion for the production of papers being called, moved by Mr. Ross, the Hon. J. D. Reid, minister of customs, said that it had not been the custom of the department to bring down papers of

this kind. They are always treated as confidential. And he proceeded to give the reason why the motion should not be acceded to. Sir Wilfrid Laurier said:

> If there is objection to the motion it should be transferred to notices of motions for discussion when it comes up again.

Advantage of this provision has been taken in 1922, April 19, *Debates*, volume I, when Mr. Martell, the hon. member for Hants, asked Mr. Speaker:

> Mr. Speaker, I asked that this notice of motion for the production of papers be transferred to the debatable motions, and I understood that an order of the house was issued accordingly. I should like that to be done if possible.
> Mr. Speaker: The motion will be transferred accordingly.

Then again, in 1926—hon. members may look at the *Journals* for Monday, March 15, at page 138—Mr. Stevens took objection to that practice and the Speaker made a ruling which was appealed. It was sustained by the house, and on that very day 10 notices of motions for production of papers were thus transferred to notices of motions at the request of Mr. Boivin and others. I would like to point out to hon. members that in 1926, although the rule had been in effect since 1909, and taken advantage of on certain occasions, Mr. Meighen himself was very much surprised, and he had this to say in asking himself that the motion be transferred. I quote his words at page 1561 of *Hansard* of March 15, 1926, volume II:

> Mr. Speaker, I know of no rule whereby a motion can pass subject to a qualification. Now that we have this new rule that anybody can transfer debatable questions, I think it would be much better to have this motion so transferred.

Later on, in 1938, at the request of the Right Hon. Mr. Howe, a motion moved by Mr. Stevens was transferred, and the text of this motion appears on pages 442 and 443 of the *Journals* of June 13, 1938. There again, the ruling was appealed and it was sustained by the house.

Perhaps I could refer the hon. member for Winnipeg North Centre (Mr. Knowles), who has made some remarks in this connection, to an intervention that he made when a point of order was raised in 1948, (see *Debates*, volume II, March 10, 1948, page 2073) in which he himself said:

> My point of order is that when the Prime Minister goes beyond stating that he is opposed to the passing of the motion, is he not debating it from his side of the question?

Now, it is precisely this point that standing order 47—it used to be 51—intends to meet in the last part. If the minister would like to take advantage of what has been our custom with respect to opposed motions, he could simply stand up and say: "The government cannot accept this motion", and proceed to give briefly the reason; but if it is not his intention to do only that, it is his right to take advantage of the standing order as it reads, and which, as hon. members well realize, I cannot change, and I cannot go against the exact wording of the standing order. It is just as clear as this:

> All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "notices of motions".

I have no alternative; if any member asks that a motion of this kind with an asterisk be transferred to notices of motions, according to this context, as long as it remains unchanged, I cannot do anything else but stand up and say: "It shall be transferred accordingly", and the Clerk will do whatever is necessary.

Mr. Knowles: May I say a word or two? First of all, I wonder whether the material that you have at hand includes any instances of this being done since 1938? Your Honour quoted a number of instances. I notice you are now shaking your head in the negative. If that is the case, Mr. Speaker, if we are confronted with something today that has not happened in the House of Commons for 18 years, it is a matter of considerable significance.

I do not have before me the material you were reading from 1909. I was not very old at that time myself. As I recall it, however, there was some discussion then as to whether this was a device to enable the government to avoid voting on a motion or whether its purpose was to avoid debate if a private member sought to have debate on the question.

All told, Mr. Speaker, it seems to me that the matter might be given further study. I think there is something to the point that was suggested by the hon. member for Kamloops (Mr. Fulton), that under Your Honour's interpretation of standing order 47 all a cabinet minister has to do is to stand up and say he desires debate when apparently all he wants is to say no. Why should not that end be accomplished simply by having a vote, by obeying the first part of the standing order and deciding the question forthwith?

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege arising out of what was just said by the hon. member for Winnipeg North Centre. He expressed some doubt as to the accuracy of my claim that I wanted this subject to be debated. I am not opposing these motions; I do want them to be debated.

Mr. Fulton: Mr. Speaker, what the minister has said lends force to the point I was about to make. You have referred us, sir, in the

course of your references, to a number of statements made by Sir Wilfrid Laurier and others at the time in 1909 when I gather the rule was changed. I submit to you with the greatest respect that it is a well understood principle that the meaning of a statute or a rule of order has to be taken exclusively from the language of the rule itself and not from what was said about it at the time it was passed. That is a principle of law which I do not think requires any elaboration. Regardless of what Sir Wilfrid Laurier or anyone else may have said—prominent as he and the others were—as to why it was desirable to have this rule, what they said on that score is not a matter to be considered when we are interpreting the words of the rule itself.

I suggest to you, sir, that this rule as it appears has to be interpreted in the light of its workability and what appears from the words itself it is intended to accomplish, and the relative words are:

> All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "notices of motions".

Now, sir, the Minister of Citizenship and Immigration has just stood up and told us he does genuinely desire debate. I suggest to you that if we accept the minister's words, and if that be the case, then this rule should only be applied under one circumstance and that is that the minister will have the leader of the house say he will now undertake to arrange for debate.

Some hon. Members: Oh, oh.

Mr. Fulton: I say that because the transfer of the motion to notices of motions is to be made only if debate be desired and that rule becomes intelligible only if the house is to interpret it as sensible people: that is to say, we are going to transfer it under circumstances that make debate possible because we really desire debate. In other words, it becomes obvious from considering the words of the rule that it was not intended and should not be interpreted now as being intended to provide the government a device for avoiding both a decision on the motion and a debate on the general question, and if the interpretation which Your Honour is suggesting be given to this rule it becomes a rule which accomplishes both those purposes and most certainly it will not be transferred because debate is desired but simply because debate is not desired and the government wants to avoid assuming its responsibility—

Some hon. Members: Order.

Mr. Fulton: Oh yes, it wants to avoid its responsibility of passing the motion. Under those circumstances the rule becomes absurd. I suggest to you that the House of Commons would not adopt a rule which in itself was absurd.

I submit that it is quite clear that if a minister stands up and says, "I do not wish at the moment to oppose this motion but I wish to have it transferred under certain circumstances where debate will be possible," then the rule would be applied and the motion might be transferred. The rule provides two alternatives. One is that the government can oppose the motion by a minister simply stating, "We do not accept the motion." The other alternative is to transfer it if debate be desired. I suggest that that alternative is open only if it can be transferred and will be transferred under circumstances where debate is possible. A logical interpretation of the rule does not permit the government to avoid all its responsibility and avoid debate at the same time.

Mr. Speaker: Of course the hon. member will realize that it is not up to me to provide opportunities for debate. He has agreed that standing order 47 does two things: it provides for motions to be opposed without debate; we are dealing with a motion which is called upon to be debated. If there is any desire for debate there is nothing in the standing order that authorizes me to provide for debate. That may be requested through the usual channels.

Mr. Fulton: Would you permit—

Mr. Speaker: We are discussing a point of order now; we should not be taking up time for a discussion as to whether time will be provided for debating a certain matter. I submit that I am bound by the wording of standing order 47 as it now reads. I realize that it presents certain difficulties, but I pointed out to the hon. member that even back in 1909 when they adopted it a member pointed out that a motion for the production of papers without asking for debate might be transferred and never reached and Sir Wilfrid Laurier said that it would have to take that chance. See *Debates*, volume V, April 29, 1909-10, columns 8370 and 8371. The standing order was agreed to at that time under those circumstances. It has not been taken advantage of very often, but when it has—

Mr. Fulton: May I suggest—

Some hon. Members: Order.

Mr. Fulton: May I suggest that Your Honour does have a responsibility of deciding whether or not debate is desired.

Some hon. Members: No.

Mr. Fulton: I have stood up and moved a motion and have stated a certain purpose in that motion. Your Honour has stated that the motion would not achieve or would not be designed to achieve the purpose which I stated I had in mind, but if Your Honour feels that way then Your Honour rules my motion out of order.

Mr. Speaker: What is the purpose of the hon. member's argument? The hon. member says he has moved a motion and that I contend that his motion is not moved with the design he has in mind. Am I understanding correctly the purport of his remarks?

Mr. Fulton: I am referring to the responsibility on Your Honour to assess the propriety of any motion which is brought before the house. I am not criticizing Your Honour for any application of a rule or a hypothetical rule. As far as I am concerned I am just engaging in a general discussion of your responsibility with respect to the propriety of statements made in connection with rules of order. I submit with deference, but I do so with absolute confidence, that Your Honour when applying this rule must make a decision as to whether or not debate is in fact desired because it seems to me that our whole proceeding would be rendered an absolute folly if an hon. member could stand up or a minister could stand up and say with all outward solemnity, "I desire debate and therefore wish to have this motion transferred", under circumstances where he knows and you know that debate will not be possible. I therefore submit that it is your responsibility in applying this rule, where you have two alternatives before you, to decide whether a minister making a statement is making it under circumstances where his purpose can be accomplished or is making it under circumstances where it will only have the effect of defeating the whole thing and making our rules quite senseless. I submit, sir, that you can never condone the application of a rule in a sense which would defeat the purpose of the house itself.

Mr. Knowles: May I add a supplementary point because I think it is a consideration that did not obtain in 1909. At that time when a notice of motion for production of papers was transferred to notices of motions at least notices of motions stayed on the order paper throughout the balance of the session, and at least there was some possibility of private members' days continuing for an uncertain length of time.

But we have changed the rules since then. We have prescribed that there will be only six private members' Mondays. This coming Monday is the sixth and last of those Mondays. In addition, Mr. Speaker, by virtue of standing order 15 (4) we now provide as follows:

> Notwithstanding the listing of "notices of motions" as an item of daily business in section (3) of this order, such notices shall not be printed on the order paper after the fifth sitting day following the expiry of Monday as a private members' day.

That means that if the request of the Minister of Citizenship and Immigration is granted my hon. friend's notice of motion for the production of papers will be transferred to notices of motion, will stay there for five more sitting days after next Monday and will then disappear from the order paper along with all the rest of the notices of motions.

I think, Mr. Speaker, that that change in the picture does call for further consideration on your part. I think Your Honour will appreciate the fact that the request made by the minister at this point takes the house by surprise. Your Honour admits that this has not happened for 18 years. If the result is the course of action that Your Honour suggests then the action of the Minister of Citizenship and Immigration, which has come without any warning and out of the blue, will mean that, as a result of the changed practice of the house, never again will we have a vote on a motion for the production of papers.

Any time the government wants to agree to such a motion it will agree but any time the government does not want to agree there can be no possibility of a vote because the government will say it wishes the motion transferred. The motion will be transferred as suggested and five sitting days after private members' Mondays are over the motion will disappear from the order paper.

I also ask you this question. What will happen two or three weeks from now if a private member's notice of motion for the production of papers is objectionable to the Minister of Citizenship and Immigration and he requests that it be transferred to notices of motion? At that time there will be no notices of motion. I have just read you standing order 15 (4), and there will be no notices of motion. So where is it transferred to? It is transferred to the wastepaper basket.

I submit, Mr. Speaker, that Your Honour has to consider what is fair in all of this. Your Honour has to consider what has happened when one rule has been changed and another has not. True, standing order 47 reads the same as it did in 1909 but in the meantime there have been other changes, including the change with respect to private members' days, including the change with

respect to what happens to notices of motions after private members' days have expired. I think that the very least Your Honour might do is defer consideration of this matter until all of us have had a chance to give more thought to it.

Mr. Speaker: It seems to me that the hon. member for Winnipeg North Centre and the hon. member for Kamloops should reflect a little further as to what they have just been saying. They are now contending that because there is something in a standing order, which should be amended by the house, the responsibility should be placed on me of correcting a situation which is not mine to correct. I had the honour to sit with the hon. members on a committee on procedure and we went into this book from cover to cover. Because we did not find what now may be considered by many hon. members, and possibly by myself, as a loophole, something which should be corrected, do hon. members contend that by virtue of my responsibilities I must, by a ruling, change four lines of a standing order?

The hon. member for Kamloops has said: "It is your responsibility to examine the propriety of a motion." He was referring to standing order 50, and that is true, but I am not analysing the propriety of the motion. I think the motion moved by the hon. member for Yorkton is quite in order. I am not called upon to make any decision with respect to the propriety of the motion.

But hon. members will have to agree with me that standing order 47, while certainly consideration might be given to a change in it, is absolutely clear to anyone in the way it now reads. It contains these words:

> All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of "notices of motions".

Hon. members have said that the last instance I can find is in 1938, 18 years ago, but prior to 1938 I would point out that it was 12 years before, in 1926, that a similar incident occurred, and the same request was made ten times on the same day by a minister. His words are to be found at page 1557 of *Hansard* of March 15, 1926, and are as follows:

> I ask that this motion and, in order to save Your Honour reading them, several of the other motions that I will indicate, be transferred.

Then he proceeded to enumerate Nos. 10, 11, 12, 13, 18, 22 and 23. He was asked to make the request when each one of the motions was called and he did so. My ruling comes after that of Mr. Speaker Lemieux in 1926 and that of Mr. Speaker Casgrain in 1938. I want hon. members to consider this point. From the strictly procedural point of view I contend quite sincerely and honestly that my position is unchallengeable. From the practical point of view I suggest that it is up to hon. members to correct the situation and not me.

Mr. Diefenbaker: Mr. Speaker, you mentioned a moment ago that in your position as Speaker you could not change the meaning of the rules. As a matter of fact, are you not in the position of a judge—

Mr. Harris: No.

Mr. Diefenbaker: —upholding the rights of parliament under your control?

Mr. Speaker: So far as the arguments that are now being made are concerned. I know that the hon. member is very sincere, but when hon. members find themselves in a situation where their own standing order is binding them, and perhaps in their view paralysing them, they wish, for various reasons, to put the responsibility on the Speaker of making a ruling which will help them to get around the rule. I cannot do that. I try as much as possible to avoid these things. Some of my rulings may be unpopular at times but I sincerely try to make them based on authorities, on my predecessors' rulings, and I have quoted enough of them. Perhaps hon. members might consider the Speakers' rulings to which I have referred them and if there is a further occasion when a similar request is made perhaps they might enlarge on their views at that time. I have listened today to the views of several hon. members. What do we do now with the rule which has always been observed, or is supposed to be observed, that rulings of the Speaker are not debatable? When am I going to draw the line? Are we going to spend the rest of the afternoon in listening to discussion of this matter?

Some hon. Members: No.

Mr. Speaker: The point has been carefully studied. I looked at it last year. Last year I tried to explain this very point that I am explaining today, much to the surprise of many hon. members. Today I was called upon to make a ruling and I made it. I might say that if some hon. members complain that my statements are too long, they may have a responsibility for that situation.

Mr. Diefenbaker: Mr. Speaker, if you will allow me to conclude what I was about to say, I should like to do so. A moment ago you mentioned that you would be placed in a position where—to use words that interpret the movement of your hands which indicated that this was your meaning—you would be asked to endeavour to evade the rules as they are. There has been a change

n the rules and the application of them to which reference has been made. If the rule s that a minister may do that which is being attempted in this case, then you, Mr. Speaker, as the custodian of free speech in parliament—

Mr. Speaker: Order. It is not the minister. It is any hon. member. For instance, if the hon. member puts a notice of motion on the order paper and he places an asterisk before it indicating that he does not want any debate, the hon. member for Royal (Mr. Brooks) who sits next to the hon. member may stand up and make the same request as did the minister today, and I say it must be transferred accordingly. Why put in my mouth words that I have not uttered? I said, "any member". I will agree with the hon. member that a ruling was made to the effect that a minister was entitled to do that and it appeared in Mr. Lemieux's ruling in 1926 that no other member was allowed to do so. But I disagree with that ruling. I say that if a notice of motion for the production of papers is moved, and if it is the intention not to have a debate on it because the member placed an asterisk before it, then if any other member of this house—no matter where he sits, or whether he be a cabinet minister or not—asks that the motion be transferred I say that, according to the clear wording of this rule 47, I have no alternative but to say that the motion be transferred accordingly.

Mr. Diefenbaker: Mr. Speaker—

Some hon. Members: Order.

Mr. Diefenbaker: Mr. Speaker, that does not intimidate me.

Mr. Speaker: Does the hon. gentleman wish to appeal my ruling?

Mr. Diefenbaker: I wish to discuss with the house and with yourself—

Mr. Speaker: Does the hon. member wish to appeal my ruling? That is his right.

Mr. Diefenbaker: Yes, absolutely. Otherwise parliament is stultified.

Mr. Speaker: I do not know whether or not the remarks that were just made were captured by *Hansard* as I heard them. I want to tell the hon. gentleman right now that I am not going to depend on my hearing on this occasion. I will wait until tomorrow to look at *Hansard*. But if the remark is as I think I heard it, I may tell him that he might consider having to withdraw it.

An hon. Member: Oh, oh.

Mr. Speaker: As I say, I am not sure. The hon. member for Prince Albert (Mr. Diefenbaker) has appealed the ruling I have just made based on the wording of standing order No. 47. Those who are in favour of sustaining the Speaker's ruling will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

Mr. Speaker put the question as follows:

The question is on an appeal from the Speaker's ruling. Mr. Castleden had moved a motion for the production of papers, which is No. 32 on the order paper. Mr. Pickersgill asked that the motion be transferred to notices of motion, and I ruled that the motion should be transferred accordingly. A point of order was raised and I based my ruling on standing order 47, the latter part of which reads:

"All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of notices of motions."

I ruled that any member of the house may avail himself of the provisions of this standing order to ask that a motion be transferred from notices of motions for the production of papers to notices of motion. From this ruling, Mr. Diefenbaker has appealed.

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

YEAS

Messrs:

Applewhaite	Deslieres
Balcom	Dickey
Batten	Dumas
Beaudry	Dupuis
Benidickson	Eudes
Bennett	Fairey
Blackmore	Follwell
Blanchette	Fontaine
Boisvert	Forgie
Boivin	Fraser (St. John's East)
Bonnier	Gagnon
Bourget	Gardiner
Breton	Garson
Brown (Brantford)	Gauthier (Lake St. John)
Brown (Essex West)	Gauthier (Nickel Belt)
Bruneau	Gauthier (Portneuf)
Buchanan	Gingras
Byrne	Girard
Cameron (High Park)	Goode
Cannon	Gour (Russell)
Cardin	Gourd (Chapleau)
Caron	Gregg
Carrick	Habel
Cauchon	Hahn
Cavers	Hanna
Dechene	Hansell
Demers	Hardie
Denis	Harris
Deschatelets	Harrison

Standing Order No. 47

Healy
Hellyer
Henderson
Herridge
Holowach
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Johnston (Bow River)
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leboe
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McIlraith
McIvor
McLeod
McMillan
McWilliam
Mang
Marler
Masse
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nickle
Nixon
Patterson
Pearson
Philpott
Pickersgill
Pinard
Pommer
Poulin
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Quelch
Ratelle
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robertson
Rochefort
Rouleau
Roy
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Smith (Battle River-Camrose)
Stuart (Charlotte)
Studer
Thatcher
Thibault
Thomas
Tucker
Villeneuve
Weir
Weselak
White (Waterloo South)
Wylie
Yuill—148.

NAYS

Messrs:

Aitken, Miss
Argue
Balcer
Barnett
Bell
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Dinsdale
Drew
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gillis
Hamilton (York West)
Harkness
Hees
Hodgson
Howe (Wellington-Huron)
Johnson (Kindersley)
Jones
Knight
Knowles
Lennard
Macdonnell
MacLean
McBain
McCullough (Moose Mountain)
McGregor
Michener
Mitchell (London)
Monteith
Montgomery
Murphy (Lambton West)
Nesbitt
Nicholson
Noseworthy
Nowlan
Pallett
Pearkes
Perron
Rea
Regier
Robinson (Bruce)
Stanton
Starr
Stewart (Winnipeg North)
Trainor
Tustin
White (Hastings-Frontenac)
Zaplitny—62.

[Mr. Speaker.]

Mr. Speaker: I declare the Speaker's ruling sustained. This motion will be transferred accordingly.

NEW ROSS, N.S.—POST OFFICE

Motion No. 39—**Mr. Nowlan:**

For a copy of all letters, telegrams and other communications exchanged between the Postmaster General or any official of the Post Office Department, and any other person or persons, during the year 1955, concerning the post office at New Ross, in the county of Lunenburg, province of Nova Scotia, and the appointment of postmaster thereat.

BANFF NATIONAL PARK—GONDOLA CHAIR LIFT

Motion No. 41—**Mr. Johnston (Bow River):**

For a copy of all correspondence, telegrams, memoranda and other documents exchanged, during the past two years, between the Department of Northern Affairs and National Resources and Banff parks superintendent and/or other citizens, relating to the erection of gondola chair lift to the summit of Sulphur mountain in the Banff national park.

Mr. Lesage: The motion reads in part as follows:

For a copy of all correspondence . . . exchanged, during the past two years, between the Department of Northern Affairs and National Resources and Banff parks superintendent . . .

I submit, sir, that these exchanges are privileged. I could not agree to this part of the motion. I have no objection to the remainder.

Mr. Johnston (Bow River): Mr. Speaker, it does seem to me that some of the correspondence which is exchanged between the park superintendent and the department is not departmental correspondence in the sense that you have the department here.

Mr. Lesage: Mr. Speaker, since in the circumstances I wish to debate the motion, I ask that it be transferred to notices of motions.

Mr. Speaker: It is transferred accordingly.

Mr. Fleming: On a point of order, Mr. Speaker, may I make a submission to you with respect to the decision that I understood you just announced at the request of the Minister of Northern Affairs and National Resources? Assuming that the ruling you made on the last motion before the house is correct—and I cannot reopen or discuss it—I do submit to you that if any request is to be made within the terms of the standing order on which you relied for your ruling,

it must be made at the outset and immediately, and not after the minister has made a different type of claim to take advantage of the position he is taking that the papers should not be produced. My submission to you is that if the minister rises and claims privilege and says the papers should not be produced he has no right then afterwards to say: "Well, I am going to ask that this be debated." Under these circumstances, my respectful submission to you, sir, is that that type of claim must be made by the objecting minister immediately and before he launches on any other statement or takes any other position on a motion for production of papers.

Mr. Lesage: On the point of order, Mr. Speaker—I will take only one minute—I objected to part of the motion as being a request for privileged documents. The hon. member for Bow River then rose in his place and started to debate the question. This question is not debatable. In order to provide him with an opportunity to debate it, since he wants to debate it, I expressed my wish to debate it. That is the reason I asked that the motion be transferred to notices of motion.

Mr. Speaker: As a matter of fact this is precisely the reason why the last part is in standing order 47. If we were to carry the provisions of standing order 47 to their strict interpretation, the minister should not be allowed to give reasons why he opposes the motion. This is the point which was raised precisely by the hon. member for Winnipeg North Centre (Mr. Knowles) when one day Mr. King explained why he was opposed to a motion. He had obtained a written opinion from the then clerk of the house, and the hon. member for Winnipeg North Centre said (see *Debates*, volume II, March 10, 1948, page 2073) something to this effect: If it is not debatable when it is placed with an asterisk on the order paper, should the Prime Minister be allowed to elaborate on his reasons why he is opposed to the motion? To quote his words, he said:

> On a similar motion a moment ago Your Honour ruled that it was not debatable. Would that not also cover remarks made by the Prime Minister?

The hon. member said that himself in 1948.

Mr. Knowles: Mr. Speaker—

Mr. Speaker: Let us not have another long discussion.

Mr. Knowles: Mr. Speaker, you have read twice from words which I used in 1948. Your Honour has not read the rest of it. It does not at any point quote me as asking that the notice of motion for production of papers be transferred to notices of motion. The only point I was making was that if a private member is not allowed to debate one of these motions, the Prime Minister should not be allowed to debate it either. That is the whole point in what I said in 1948. I do not think Your Honour should try to put me on the other side of the issue that is now before us.

Mr. Speaker: I must say to the hon. member immediately that he was never of the opinion that the motion should be transferred, and he never said that; but he did in fact indicate what is in my view the reason why it has been put in this standing order that a notice of motion which is to be debated goes to the notices of motion. It is to provide an opportunity to the minister to further explain his reason why he is opposed, and, in fairness, to give the hon. member the chance of rebuttal as to why in his view the motion should go unopposed.

Mr. Knowles: May I continue for just a moment? Your Honour has referred to the strict interpretation of the standing order. The strict interpretation that I was trying to obtain in 1948 was that if debate was not allowed to one side it should not be allowed to the other.

With regard to the latter part of standing order 47, may I invite Your Honour's consideration of citation 6 in Beauchesne's Parliamentary Rules and Forms, third edition?

Mr. Speaker: I know that one by heart.

Mr. Knowles: You and I know it by heart, but there are other members of the house who may not. It reads:

> In the interpretation of the rules or standing orders the house is generally guided, not so much by the literal construction of the orders themselves as by the consideration of what has been the practice of the house with respect to them.

I submit that the practice of this house for as long as both you and I have been here, indeed for 18 years, should be considered in making decisions with respect to matters of this kind.

Mr. Speaker: May I submit to the hon. member, and to all hon. members, that the practice of the house is not changed.

Some hon. Members: Oh, oh.

Mr. Speaker: No; it has been customary for the house, on a motion which is not debatable, to allow a minister summarily to give his reason why he is opposed. It has been customary—

Mr. Lennard: He did that today.

Mr. Speaker: That practice is not changed. As a matter of fact, the Minister of Northern Affairs and National Resources did precisely that today. I did not object. Nobody objected.

The hon. member for Bow River (Mr. Johnston) probably wanted to give some reason why he disagreed with the minister and the motion was being debated. The minister said that if debate is desired he would ask to have the motion transferred to notices of motion. What I want to tell hon. members is that what is happening in this case is not that we are changing our practice under standing order 47. What has happened today is that two ministers have taken advantage of the provision which is in standing order 47 and which has not been taken advantage of very often in this house but when it is taken advantage of—with the rule book in my hands, what can I do?

Mr. Harris: Mr. Speaker—

Mr. Drew: Mr. Speaker—

Mr. Harris: Mr. Speaker, on a point of order—

Mr. Drew: I have the floor, Mr. Speaker.

Some hon. Members: Sit down.

Mr. Drew: Mr. Speaker, I have the floor.

Mr. Speaker: I recognize the Minister of Finance.

Mr. Lennard: Oh, gosh, there he goes again.

Mr. Harris: Mr. Speaker, I wonder if at this time I could make a suggestion which would be agreeable to both the hon. member for Bow River and the Minister of Northern Affairs and National Resources.

Mr. Fleming: Are you discussing a point of order?

Mr. Harris: I am speaking to a point of order. As I understand it, on this particular motion for papers I am sure neither hon. gentleman actually wanted to take the house's time on this point to explain why or why not the statement made by the minister was correct with respect to certain correspondence. If they would just let this motion stand and perhaps exchange their own views they might be able to agree that certain communications are in fact privileged and therefore that would not be a part of the motion when it came before the house. Under those circumstances we could then avoid the question of whether or not this particular motion would be debatable and no doubt my hon. friend in the end would receive all the papers he desires to have if the motion could be adopted in that manner.

Mr. Lennard: That is not a point of order.

Mr. Drew: Mr. Speaker, this now is a matter before the house—

Mr. Speaker: Perhaps the Leader of the Opposition would allow the hon. member for Bow River, who is the mover of this motion, to say whether or not he agrees with the suggestion.

Mr. Johnston (Bow River): Mr. Speaker, I would agree with the suggestion made by the Minister of Finance.

Mr. Lesage: Mr. Speaker, of course I do agree; it was my first suggestion.

Mr. Speaker: The motion will stand.

Mr. Drew: Mr. Speaker, will Your Honour declare whether a motion that has been called can be withdrawn without the consent of the house?

Mr. Harris: It is not being withdrawn.

Mr. Speaker: It is not being withdrawn; it is merely being allowed to stand.

Some hon. Members: No, no.

Mr. Speaker: That was the suggestion made by the Minister of Finance and that is the suggestion to which the hon. member for Bow River has agreed. It is easy to clarify the situation.

Mr. Coldwell: Mr. Speaker, were not the former motions requested to stand as well? I understand that my hon. friend, the member for Winnipeg North Centre (Mr. Knowles), did ask that the two motions be allowed to stand and that that privilege was not granted.

Mr. Speaker: May I point out to the hon. member for Rosetown-Biggar that I understood the hon. member for Winnipeg North Centre did suggest that the motions be allowed to stand in order for me, I take it, to give some further consideration to my judgment. It is not up to me to suggest that a motion be allowed to stand. If someone on the government side had suggested it, it would have been a different proposition.

Mr. Knowles: Is that the difference, Mr. Speaker, whether the request comes from this side or the government side?

Some hon. Members: Hear, hear.

Mr. Knowles: I am quite serious; I made the request in the other case, but Your Honour went ahead and ruled. In this instance the request is being made and Your Honour is granting it.

Mr. Speaker: The hon. member knows as well as anyone else that I do not move any motion in the house. When a motion is moved it is frequently asked that it be allowed to stand and I will let a motion stand on my own responsibility only when the mover is not here and nobody has been authorized to move the motion in his absence.

I do think that subject to general approval it has been customary for Speakers to do

that. But when a motion is moved and I propose it from the chair it is not up to me to ask that it be allowed to stand. I did not accede to the request of the hon. member to consider further the remarks I had to make because I felt that I was just as prepared to deal with the point now as I would be tomorrow. If I had wanted to accede to his request I could not have said "This motion will stand". Even if I were to ask that, the house could say no. Motions do not stand at my request; the hon. member knows that.

Mr. Fulton: Mr. Speaker—

Mr. Drew: Mr. Speaker, there is no agreement that this motion stand. The motion has been called and the minister rose to say that these documents were privileged. Obviously the purpose of stating that was that he felt this motion should not be dealt with.

Mr. Harris: In part.

Mr. Fleming: He did not say, "in part".

Mr. Harris: Yes, he did.

Mr. Drew: Then when the hon. member indicated his desire to proceed the minister said he wanted this debated. That is making a farce of these rules.

Mr. Lesage: Mr. Speaker, on a point of privilege, I will not be accused of making a farce of the rules without rising in my seat to state the facts as they are. I objected to a part of the motion. The hon. member for Bow River stood up in his seat and started to debate the point I had raised.

Mr. Johnston (Bow River): No, I did not.

Mr. Lesage: I got up and said that if the hon. member for Bow River wanted to debate the point I would make the motion for transfer.

Mr. Fleming: That was an afterthought.

Mr. Speaker: We have had some business announced for today. I do not think the house would want to take any more time in dealing with these technical points on procedure. May I suggest that the following course be followed: The minister on his own responsibility felt that he could not accede to a part of the motion of the hon. member. The hon. member who has moved the motion is in this position. If he wants to have his motion remain as it is, it is evident that it will be opposed. If he wants to agree to have it amended, unanimous consent must be given. If unanimous consent is not given the question will then have to be put because the motion is proposed from the chair.

Coming to the point raised by the hon. member for Eglinton (Mr. Fleming)—

Mr. Fleming: On which I would like to say another word, Mr. Speaker.

Mr. Speaker: Perhaps the hon. member will not feel required to say anything more because I am inclined to agree with him to a certain extent. I want to look at the point further. I am inclined to agree that when the minister rose he could have asked that the motion be transferred if he wanted a debate right there and then, but having taken the other course, which was the course provided in the first part of standing order 47, that he opposed the motion and therefore it should be disposed of forthwith, I do not think he can come back later and say that he wants to have a debate. I think he should have made up his mind right at the beginning. There is something in what the hon. member for Eglinton has pointed out to me which is striking. It strikes me as perhaps being the correct interpretation. I think the hon. gentleman has a good point there. What I suggest is that the minister either withdraw his request to have the motion transferred or, if he does not, I will tell him immediately that I will have to rule against him on that score.

Mr. Lesage: I understand, Mr. Speaker, that it was agreed the motion would stand.

Some hon. Members: No, no.

Mr. Lesage: I opposed the motion in part.

Mr. Speaker: We have to give a certain amount of protection to the hon. member for Bow River. Knowing that his motion is opposed in part, is the hon. member prepared to have his own motion as a whole opposed, or does he wish to have his motion amended?

Mr. Johnston (Bow River): I will be satisfied to abide by the regulation dealing with communications, telegrams, etc., to be produced so long as they are not confidential because I am quite sure that if I had asked for it the other way I would not get anything.

Mr. Speaker: In other words, the motion is carried subject to the reservation indicated by the minister.

Mr. Fulton: On a point of order, the motion moved by the hon. member for Bow River is in the possession of the house and as such I submit it cannot be withdrawn or amended except with the consent of the house. That consent has not been given. Personally I have deep objection to the giving of consent, for this reason. If we do it it would mean that motions moved by different hon. members for the same purpose, namely to get information, would be given different treatment. I do not think that that is something to which this house should consent. It may be that ministers are changing their minds because

they see the error of their ways, and I hope so, but I do not think it is proper for this house—

Mr. Speaker: On the point raised by the hon. member for Kamloops, the motion is in the possession of the house and cannot be amended unless by unanimous consent. I should like to point out to him that it has been our practice—this is an unwritten rule perhaps—and I would refer him to the citation read by the hon. member for Winnipeg North Centre a moment ago.

Mr. Fulton: I would refer Your Honour back to it in your turn.

Mr. Speaker: I am sorry but my knowledge of English is not so refined that I can grasp all the flavour of the hon. gentleman's remarks. Citation 6 is to the effect that rules should not be interpreted literally. There is a distinction between a standing order which is clear and something about which the Speaker may be called upon to give an interpretation. At this moment we are dealing with general principles regarding motions. The motion before the house is in the possession of the house and I understand that the mover is ready to agree to its passing with the amendment suggested by the minister. It has been customary for the house to give its consent to that sort of proposal. If the hon. member objects, and I take it that he does, all I can do is put the motion.

Those who are in favour of this motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members. I beg your pardon, there were only two members who rose. Now I see five; call in the members.

Some hon. Members: Carried.

Mr. Speaker: I said, call in the members.

The house divided on the motion (Mr. Johnston, Bow River) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Argue
Balcer
Barnett
Blackmore
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Dinsdale
Drew
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Girard
Hahn
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Macdonnell
MacLean
McBain
McCullough (Moose Mountain)
McGregor
McLeod
Michener
Monteith
Montgomery
Murphy (Lambton West)
Nesbitt
Nicholson
Nickle
Noseworthy
Nowlan
Pallett
Patterson
Pearkes
Perron
Poulin
Quelch
Rea
Regier
Smith (Battle River-Camrose)
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
Wylie
Yuill
Zaplitny—78.

NAYS

Messrs:

Applewhaite
Balcom
Batten
Benidickson
Bennett
Blanchette
Boisvert
Boivin
Bonnier
Bourget
Breton
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Cannon
Cardin
Caron
Carrick
Cauchon
Cavers
Dechene
Demers
Denis
Deschatelets
Deslieres
Dickey
Dumas
Dupuis
Enfield
Eudes
Fairey
Follwell
Fontaine
Forgie
Fraser (St. John's East)
Gardiner
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Hardie
Harris
Harrison
Healy
Hellyer
Henderson
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann

McCubbin
McCulloch (Pictou)
McIlraith
McIvor
McMillan
McWilliam
Mang
Marler
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Ratelle
Richard (St. Maurice-Lafleche)
Roberge
Robertson
Rochefort
Rouleau
Roy
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Stuart (Charlotte)
Studer
Thibault
Tucker
Villeneuve
Weir
Weselak
White (Waterloo South)—126.

Mr. Speaker: I declare the motion lost.

KENT COUNTY—HUNTING AND FISHING

Motion No. 47—**Mr. Murphy (Lambton West):**

For a copy of all agreements and leases, from 1947 to date, between any department of the federal government and all lessees of Indian lands or other lands and waters in the county of Kent, particularly concerning fishing and hunting privileges and rights, and for a map or maps showing such leased areas.

He said: Mr. Speaker, with regard to this particular motion may I say that I have discussed the contents with the minister and I am asking that it be dropped in order that it may be reworded.

An hon. Member: We cannot hear a word.

Mr. Speaker: Is it agreed that the motion be dropped?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Speaker: Do some hon. members say no? May I point out to hon. members that this question has not been proposed from the chair yet. It is not in the possession of the house. If the hon. gentleman wishes to have his motion amended before it is proposed from the chair, it is his right to go to see the clerk of notices and orders and amend it. I do not think he was obliged to bring the request to the house. The motion is dropped.

(Translation):

GRAIN

REPORTED CONSTRUCTION OF GRAIN ELEVATORS AT THREE RIVERS

On the orders of the day:

Mr. J. I. Rochefort (Champlain): Mr. Speaker, I would like to put a question to the parliamentary assistant to the Minister of Transport. Could he tell the house whether he is acquainted with an agreement between the national harbours board and the Three Rivers Grain and Elevator Company concerning the construction of silos and of grain elevators at the Three Rivers harbour at a cost of about two million dollars, such costs to be spread over two years?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, I thank the hon. member for Champlain for having given me notice of his question. I congratulate him on the interest he takes in the Three Rivers harbour.

The national harbours board informs me that the Three Rivers Grain and Elevator Company which owns and operates a grain elevator on land leased to it by the board has made known its intention, some time ago, of enlarging its premises so as to increase its capacity by approximately two million bushels, as well as to construct other facilities. The company has rented the land required for this project the plans for which are subject to the board's approval. Since this is a private undertaking, I feel that any statement regarding the estimated cost of the project should be made by the company itself.

Mr. Leon Balcer (Three Rivers): Mr. Speaker, I have a supplementary question to put to the Minister of Transport. What is the contribution of the Department of Transport or the national harbours board to this undertaking?

Mr. Langlois (Gaspe): I think that if the hon. member had listened carefully to the answer I have just given to the hon. member for Champlain, he would have found the answer to his question.

(Text):

EMERGENCY GOLD MINING ASSISTANCE

INQUIRY AS TO FURTHER EXTENSION OF LEGISLATION

On the orders of the day:

Mr. Roland Michener (St. Paul's): Mr. Speaker, will the Minister of Finance tell the house when the gold mining communities may expect to learn the government's views about the further extension of emergency gold mining assistance?

Hon. W. E. Harris (Minister of Finance): My understanding is that the present gold mining subsidy does not run out until the end of this current year. Government policy will be made known in due course.

Mr. Michener: Would the minister say that "in due course" meant within the period of this session?

Mr. Harris: I do surprising things occasionally, Mr. Speaker.

INCOME TAX ACT

INQUIRY AS TO RESOLUTION PRECEDING AMENDMENT FORECAST IN BUDGET SPEECH

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Finance. Where is the resolution respecting the bill to amend the Income Tax Act forecast in the minister's speech last night?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, it is not completed yet but it will be distributed very shortly.

Mr. Knowles: May I ask a supplementary question? When that resolution is distributed, will it indicate whether convention expense deductibility will extend to delegates attending trade union conventions?

Mr. Speaker: May I suggest that we wait until the resolution is distributed in order to find out what is in it.

Mr. Knowles: On a point of order, Mr. Speaker, may I point out that the budget resolutions are usually tabled on the night the minister makes his budget speech. The income tax resolution was not tabled last night. His speech refers to it. I think we are entitled to know what is involved in this proposal.

Mr. Speaker: Does the hon. gentleman contend that we ought to spend time now, when in reply to his question the minister has said that the resolution will be distributed shortly, in order to have him tell us what is in it? I do not think that is the purpose of question time.

NATIONAL DEFENCE

MANNING AND OPERATION OF EARLY WARNING LINES

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, may I direct a question to the parliamentary assistant to the Minister of National Defence in connection with the last paragraph of the statement he made yesterday and the first answer he gave to the hon. member for Vancouver-Quadra (Mr. Green)? Does the presumption that he made that the United States contractor would undertake the manning and operating of the D.E.W. line apply as well to the mid-Canada line? In reading the two together, it would seem that his answer was that the United States contractor would operate and man both of those lines.

Mr. P. T. Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, I did not intend to leave that implication.

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the Department of Defence Production happens to be handling the negotiations for the operating of the mid-Canada line. I may say that it will certainly be operated under a contract with a Canadian contractor and manned by Canadians.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I was going to ask the Prime Minister whether he is ready to answer the questions I asked yesterday on the manning of the distant early warning lines.

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. It will take some days to look at several things that might be considered as similar though not at all of the same importance in the general picture.

Mr. Pearkes: Might I ask the Prime Minister a supplementary question? In looking over those regulations would he give consideration to the possibility of the application of the Visiting Forces Act to those personnel of the United States contractor?

Mr. St. Laurent (Quebec East): I will take note of the hon. gentleman's question and see whether it can be fitted into the information I will be obtaining in order to answer the question asked yesterday by the hon. member for Rosetown-Biggar.

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Prime Minister in connection with the matters already dealt with. Can he say whether or not there is full protection for Canada's sovereignty in the erection and the manning of the D.E.W. line? Second, can he say whether the action of the Governor General in flying over that area and dropping his standard is a reassertion of Canada's sovereignty and is designed as such?

Mr. St. Laurent (Quebec East): I do not think any reassertion of Canada's sovereignty was required, but I think it is a demonstration to the whole world of the fact that that is territory within Canadian sovereignty. In all these negotiations we have been very careful to consider what the repercussions might be about the extent of Canadian sovereignty and the necessities of the real situation, to have an effective joint operation conducted for the benefit of both Canada and the United States.

TRADE

INTERNATIONAL WHEAT AGREEMENT—INQUIRY AS TO PROGRESS OF NEGOTIATIONS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Can the minister say what progress is being made in the current negotiations for a new international wheat agreement and whether, from the reports he receives, he is hopeful one may be signed?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I can give no progress report. The negotiations are proceeding in camera and all I can say is that they are still in progress.

SUPPLY

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

INTERIM SUPPLY

Mr. Harris moved:

Resolved, that a sum not exceeding $528,819,279.84 being one-sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1957, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $479,979.00, being one-sixth of the total of the amounts of items 197, 199, 202, 203, and a sum not exceeding $714,781.42, being one-twelfth of the total of the amounts of items 15, 425, 426, of the said estimates be granted to Her Majesty on account of the fiscal year ending March 31, 1957.

Mr. Macdonnell: Does the minister give the usual undertaking in this case?

Mr. Harris: Yes, I give the usual undertaking that the passing of this motion will not prejudice the rights and privileges of members to criticize or discuss any item in the estimates which will come up for consideration from time to time during the balance of the session, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Motion agreed to.

Resolution reported and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

The house in committee of ways and means, Mr. Applewhaite in the chair.

Mr. Harris moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1957, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $528,819,279.84, being one-sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1957; and
2. The sum of $479,979.00, being one-sixth of the total of the amounts of items 197, 199, 202, 203 of the said estimates;
3. The sum of $714,781.42, being one-twelfth of the total of the amounts of items 15, 425, 426 of the said estimates;

as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 206, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read a second time; now?

Mr. Knowles: By leave.

Mr. Harris moved the second reading of the bill.

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

Clauses 1 to 6 inclusive agreed to.

On schedule A.

Mr. Knowles: In connection with schedule A, I should like an explanation of the wording. Can the minister explain the phrase, "including share of the former printing of parliament"? It appears twice in schedule A, once in item 199 and once in item 202.

Mr. Harris: I must be frank and say I cannot explain it, unless it is that we have accounts outstanding at the moment that have been held over. I must say that the explanation for this wording was not drawn to my attention.

Mr. Knowles: Perhaps the minister will get an explanation for some future occasion.

Schedule A agreed to.

Schedule B agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read a third time; now?

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Health of animals—

538. To provide for payment of compensation to owners of animals affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, and to provide for payments to owners for loss of cattle during treatments for immunization against hemorrhagic septicaemia, and sheep and goats that reacted to tuberculin tests, all as detailed in the estimates, $2,304.

Mr. McCullough (Moose Mountain): This is an item dealing with the health of animals, and I wondered whether the Minister of Agriculture would take the opportunity to inform the house about the serious outbreak of scrapies, a disease in connection with sheep, in Alberta. I understand that there has been quite an outbreak and, as a result of the fact that some of these sheep have been shipped to certain fairs in other provinces, there is likelihood of a further outbreak. I think the minister should give assurance to the house that steps have been taken by the health of animals branch for the careful supervision of this disease so that it will not break out in other flocks in other provinces.

Since press reports indicate that considerable compensation is to be paid in respect of one particular farmer, I should like the minister to give some information to the committee to show what has been done in that respect. If he can indicate the amount of compensation paid per animal, and what the total amount is likely to be, I might have something further to say.

Mr. Harris: Just before the Minister of Agriculture makes his statement, may I point out that there is nothing in this item relating to the outbreak of scrapie. This amount is for the payment of animals slaughtered. It is a small amount of money having to do with certain animals that died under circumstances as set out in the resolution, and is merely to bring up to date the amount which was voted last year. Normally on this occasion one does not debate something of the future. It is a principle which has been adopted by parliament that this particular vote should be paid to various persons concerned.

[Mr. Knowles.]

If my hon. friend goes along with me I am sure he would prefer to debate the other point on the normal agricultural items at another time.

Mr. McCullough (Moose Mountain): Mr. Chairman, there is a certain urgency to the information. There have been many press reports on the matter, and it would be beneficial to hon. members if the minister would see fit to give this information at this time. I realize that this item has to do with another branch of the Department of Agriculture. In view of the public interest in the matter, it would be well if the minister would give us some information.

Mr. Gardiner: Mr. Chairman, the matter on which the hon. member has based his question is not covered by these estimates at all. There is no item here covering those particular sheep.

Mr. McCullough (Moose Mountain): I realize that.

Mr. Gardiner: I do not know that this is the time to discuss it, in any case. There is certainly no further information that can be given other than that which has already been given to the house. The matter is being discussed with the breeder in Alberta who is affected, and a decision has not yet been reached.

Mr. Quelch: Can the minister define the basis upon which compensation is paid, first of all for commercial stock and, second, for purebred stock, not necessarily in regard to scrapie but any disease?

Mr. Gardiner: The general position, of course, is that there are certain payments made on different kinds of livestock based upon whether they are grades or whether they are purebreds. Of course, this particular herd of sheep were all purebreds and of the highest quality of purebreds. The matter is under negotiation between officials of the department and the breeder concerned. There is no definite basis upon which it can be dealt with, because there would not be sufficient paid if you were to just put it at so much per head in accordance with the other regulations.

Mr. Harkness: Mr. Chairman, may I ask the minister this question. Under what section of the act or under what item of the estimates will compensation be paid for this particular flock of sheep? As the minister said, this is an extremely well known and very valuable flock. I have seen them at the Calgary exhibition on numerous occasions. There is a very considerable amount of

interest in the province of Alberta, and I should think in other parts of Canada, particularly amongst sheep breeders, as to what the compensation is going to be in this case, and the provision for payment. I had thought probably the provision for payment would have been made in these supplementary estimates, and that was the question I had in mind to ask from the start. I had intended to ask how this was going to be provided for, since I noticed it was not here.

Mr. Gardiner: Well, it will be provided for out of the estimates. I do not think it is possible to make the payment before this financial year ends. It will have to be provided for in votes for the next financial year, not for this one. These are further supplementary estimates for this financial year. It will be in the June supplementaries. That is where it will come in.

Mr. Harkness: The point is this. These sheep have been killed in the year we are now discussing. They have been done away with in this year; therefore I would have thought provision would have been made for them in this year. I would hope there would not be any difficulty in providing for the compensation next year, because the sheep have been killed this year.

Mr. Gardiner: Payment is not made this year, and the settlement is not yet made. I do not think it will be completed before the end of March. For that reason it will not be paid this year. The money will have to be voted in the supplementaries next year.

Mr. McCullough (Moose Mountain): Can the minister indicate whether this disease is infectious or contagious? According to press reports, sheep from this particular flock have been shipped to various places, and there is some indication that it is an infectious disease and not purely hereditary. Can the minister indicate what his department has done with respect to confining the disease to this particular flock?

Mr. Gardiner: All the sheep that have been sold by Mr. Rock over the months there was any suspicion of any disease in the flock at all have been checked right down to the people who bought them. The flocks have been checked, and there is no indication that any disease has been carried anywhere except into the flock where it was found down in the state of Massachusetts, near Boston; somewhere around there. They were the first sheep that showed suspicion of the disease. It was checked back to Mr. Rock's herd. All other sheep that have been sold in the meantime have been checked right through. The disease is largely carried through the breeding. It is not carried so much in any other way.

Mr. McCullough (Moose Mountain): Can the minister give an assurance that no sheep from this particular flock have been shown at any fairs subsequent to the determination that there was scrapie in the flock?

Mr. Gardiner: Well, I can give the assurance because they were all killed and buried, just as were the animals that had foot-and-mouth disease. The animals have been slaughtered, so there is no possibility of any further movement. To go back to the beginning—the sheep that had scrapie apparently were imported from Britain, and since the time these sheep were imported into the flock every animal that has gone out of the flock to anywhere has been checked right through to the flock where it went, and no sign of any scrapie has been found in those flocks. Therefore, so far as one can say, while I cannot give any assurance that none of it will break out anywhere, I can give assurance that the United States inspectors and our own are in touch with every flock to see that if it does break out the flock is immediately destroyed.

The Deputy Chairman: Before this discussion goes any further perhaps I should point out to the committee that what we are dealing with today are the supplementary estimates for the year which ends 10 days from today. I do not think I would be carrying out my duty if I were to let the discussion carry on in this way. The purpose of these supplementary estimates is to decide whether the commitments of some of the departments shall be taken care of now. I can assure hon. members—and I think they will agree with me—that the widest form of discussion can take place at the time the main estimates are under discussion.

I would point out to hon. members that we have before us a few isolated items for some of the departments; and though I have no desire to stop hon. members from bringing to the attention of the minister some things which hon. members consider to be vital and emergent—perhaps it was my mistake—yet I think we should restrict our questions to the items that are actually before the committee at the present time, and why the money is needed or why it is not. Because we happen to have an item dealing with sums payable to certain farmers in Ontario and Quebec, I think is hardly an excuse to enter into a discussion as to what we are going to do about paying compensation to some similar group of farmers in Alberta and Saskatchewan in the next fiscal year. With those thoughts in mind I hope the committee will co-operate.

Mr. McCullough (Moose Mountain): Mr. Chairman, I would like to co-operate with you, of course. I believe this item has to deal with the immunization of sheep and goats and of course—

Mr. Harris: No, no. It has to do with the payment of losses for particular animals, not for the animals my hon. friend was talking about at all.

Mr. McCullough (Moose Mountain): I quite agree they are not the particular sheep I am discussing; nevertheless it should be understood by the committee that the general policy of the health of animals branch toward immunization and the policy of the government with respect to the health of animals throughout the country would of course have an effect in any part of the dominion.

We have had the experience of the foot-and-mouth disease. In some way or other it was brought into this country and we suffered severe losses, particularly in western Canada. The minister has told us that apparently this disease was brought in by a flock of sheep which came from outside the country; namely, I think, from Great Britain.

I was wondering what policy is followed in respect of these animals coming to Canada. Apparently they have come from outside the country. They got into this important pure-bred flock, and for a number of years these sheep were shown at various fairs throughout the country. It has meant that we have had to take out of the treasury certain amounts of money for compensation. According to the press I understand that it will amount to over $100,000.

Mr. Harris: $2,000.

The Deputy Chairman: I think the hon. member is really putting himself out of order, because the amount it is going to cost is $2,304, and that is the amount we are discussing today. Shall the item carry?

Mr. Quelch: Mr. Chairman, before that item is passed I should like to ask a question. Some of the cost regarding scrapie was no doubt incurred last year. Since scrapie appeared in a flock of sheep in the United States, no doubt many inspections have been made by the department.

Mr. Gardiner: That could be discussed on my general estimates, which will be up in a few days.

Mr. Quelch: This is a question I would like to have answered, because I have received many inquiries about it. There is a great deal of concern about this matter. Sheep from this flock have been shipped all over the dominion, and carloads have been shipped down to the United States. From the information given in the press I gather that this disease is mainly transferred through breeding. The stock that has been shipped has all been breeding stock. You could not have a better way of spreading the disease than has been provided by the process of shipping this breeding stock across the country.

We are also informed it may take two years before the disease develops. Every individual who has obtained stock from this flock may find that scrapie will break out in his flock at any time within the next two years. Breeders are very much concerned about this. We are glad to have the assurance of the minister that every breeder who has obtained stock from this farm will be kept in close touch with the department and that his flock will be inspected, I presume from time to time, to insure that scrapie does not break out.

I understand that you can have this disease in your flock but you might not recognize it until it is in the advanced stage, when the sheep start to become paralysed or fall off in condition and begin scraping themselves against posts. I suppose that is why it is called scrapie. Could we have the minister's assurance that this is being checked?

Mr. Gardiner: I have already given you my assurance.

Mr. Bryce: Mr. Chairman, I should like to direct a number of questions to the minister. On page 10 there is an item of $173 to Canada Packers Limited, Toronto, Ontario. Does that cover sheep which had been transported across the country, or was it something that developed in the yards? I should like to have the details of this item.

Mr. Harris: The bill I have before me does not have a page 10 but I will take my hon. friend's word for it.

Mr. Bryce: I am referring to page 10 of the supplementary estimates.

Mr. Harris: The item for Canada Packers?

Mr. Bryce: Yes.

Mr. Harris: One animal at $173.

Mr. Bryce: It was not a sheep or a hog. It was a cattle beast?

Mr. Harris: Yes, it was a cattle beast.

Mr. Bryce: How come they get compensation for that?

Mr. Harris: Sometimes they are slaughtered just after having been tested in the normal way. For some reason or other the tests may not have detected the disease, but on the

animal being slaughtered we make a point of paying compensation if, on inspection, there is T.B.

Mr. Argue: The heading in the details shows that part of the payment is for animals slaughtered in circumstances not covered by the Animal Contagious Diseases Act. I understood the minister to say that the test is made on the carcass, and if the animal is shown to have the disease payment is then made. Apparently it is for diseases other than those found in animals slaughtered under the Animal Contagious Diseases Act. I wonder if the compensation in this item is for one disease in the main, and if so, what the disease happens to be?

Mr. Harris: There are actually four different classes. There is the animal that was slaughtered at the abattoir and was found contaminated. There are those which react to the test but died before they could be slaughtered in the abattoir. In theory under the regulations they do not get paid, but we pay them in any event. There are a number of animals. I think it was a total of something like 18 or 19, coming to a figure of $1,509, the largest single item being $199 and then a number of other items totalling nine in number and coming to a figure of $795. Just to read one explanation, it says, "Slaughtered for beef and carcass condemned for tuberculosis." Another one I see says, "Steer died while under observation". It is that type of thing.

Mr. McCullough (Moose Mountain): Could the minister tell the committee if any of these animals came from T.B. restricted areas?

Mr. Harris: No. There is no note here to indicate that, but as I have all the names and addresses I could have it checked and let the hon. member know.

Item agreed to.

Terminable services—

540. Freight assistance on western feed grains—further amount required, $500,000.

Mr. Brooks: I should like to ask one question regarding this item. I assume this is for freight assistance on western grain going to the eastern provinces?

Mr. Harris: That is right.

Mr. Brooks: Could the minister tell us just how much is assigned to each area?

Mr. Harris: There is no particular area, Mr. Chairman. As everyone knows, we subsidize feed grain coming from the west to Ontario and down to the Atlantic provinces. This is merely an amount to make up the vote of last year, which was $15,500,000. We found that we ran out of money because a little more grain came down than was expected, and this is the further amount required. Some goes to other provinces, but it is not a case of allocating it. It is a case of paying the bills as they come in upon receipt of the shipments.

Mr. Brooks: How do the quantities and the payments compare with the previous year?

Mr. Harris: It is heavier this year both from the point of view of the amount of money being paid and the amount of grain coming down. I think you will find there was not much of a grain crop in the east last year, generally speaking. It was all right, but it was not as heavy as the year before. That accounts for the miscalculation, although there has been a heavy movement to all provinces.

Mr. Michener: Has the minister the number of bushels that were moved? It would be interesting to know just how many bushels have been moved through the assistance of this subsidy, which will now amount to $16 million.

Mr. Harris: I just have the monthly amounts which run from April and May, 1·8 million; June, 1·4 million; July, 900,000; then they run 1·3, 1·5, 1·7, 1·4. There will be a heavier run in February and March.

Mr. Michener: Is the subsidy paid on the basis of so much a bushel?

Mr. Harris: So much per ton and on various bases for Ontario, Quebec and the maritimes.

Mr. Michener: Depending on the length of haul.

Mr. Argue: We in this group are certainly prepared to support this item, under which the government pays a subsidy on the shipment of western feed grains to feeders in other provinces. We regret that the rate of payment was reduced last year and we recall that at that time the Canadian Federation of Agriculture and other farm organizations protested very strongly at the reduction which was then made effective.

There is always an argument as to who is the main beneficiary from this type of subsidy, but I think it is generally agreed that the feeders of western grains would suffer considerably if the subsidy were removed. Certainly as long as it is maintained it does assist in providing a market for western feed grains. I imagine that the subsidy does in fact benefit both the producer of feed grains and the feeders who obtain the grains with a subsidy on the freight.

As I said, we were sorry last year when the government decided to reduce the rate. I imagine it is because of that reduction in the rate that the item in the estimates was reduced from $17 million the year before to $15·5 million. If my information is correct, and I think it is, we voted a year ago a further supplementary of $2 million to the $17 million, bringing the total up to $19 million. The further supplementary item which we are being asked to vote at this time is for $500,000.

In other words, in addition to the reduction which took place in the supplementary estimates from $17 million to $15·5 million, a decrease of $1·5 million, there has been a further decrease from the supplementary item a year ago of from $2 million to $500,000. I may be wrong, but it appears to me that there will be a reduction in the amount paid under this subsidy, not only of $1·5 million in the main estimates but of a further $1·5 million in the supplementary estimates, or a total reduction of $3 million.

I should like an explanation of this further reduction in the supplementary item as compared with a year ago. I ask this question. Has there been a further reduction in the rate of subsidy on the shipment of feed grain?

Mr. Harris: No, there has been no reduction since the announcement was made a year ago February. That announcement was made at a time which would give my hon. friend an opportunity to debate the new rate. I have a distinct recollection that he did so. I can only add that the principle on which we are paying is precisely the principle on which the main item was carried last spring.

Mr. Argue: Can the minister give the main reason for the reduction in this supplementary item? Has there been a reduction in the amount of grain being moved, particularly in view of the statement that there had been a crop failure in many parts of eastern Canada?

Mr. Harris: Of course this is the kind of question my hon. friend would like me to answer just in the form in which we have to answer it. He knows perfectly well that the reason for the reduction in the amount of the subsidy is the reduction in the rate. As I said before, there was a greater demand for feed grains in eastern Canada. There has been a reduction in the vote of $3 million for the twelve-month period. That is the actual reduction, as the hon. member has said, and it stems from the fact that the rate of the subsidy was in fact reduced by the government last year.

Mr. Argue: If the reduction in the item was from $17 million to $15·5 million because of the reduced rate the government is paying, and then if following that there was a large increase in the volume of grain moved, what would be the explanation for the larger proportionate reduction in the supplementary item?

Mr. Harris: The answer is that we are paying all claims that are made; that is, we are not refusing any that are justified by the act. The hon. member for St. Paul's asked what quantities had been moved. We will be glad to provide that information during the debate on the agricultural items, but in the meantime we have merely estimated that we need $500,000 to cover the period up to two or three days from now.

Mr. Smith (Battle River-Camrose): Is this subsidy paid on grain moved from the prairies to British Columbia?

Mr. Harris: Yes, on movements east and west.

Mr. Brooks: I just want to say that we appreciate the remarks of the hon. member for Assiniboia, who says they are pleased to approve of this reduction in the subsidy on rates to other parts of Canada.

Mr. Argue: Not the reduction.

Mr. Brooks: The reduction in the subsidy on the freight rates.

Mr. Argue: We are for it. I wish the government had not reduced it.

Mr. Brooks: In order to keep the record straight I want to say that we who come from other parts of Canada were ready to approve the $35 million which was paid to western farmers for the storage of grain and so on.

Mr. Bryson: I would certainly have no objection to an increase in this item. I should like to see more grain shipped from western Canada to eastern feeders, but I do not think they are getting the type of grain they should get. I have wondered if it would not be possible for western producers to ship grain to eastern feeders. We know that theoretically this can be done, but actually the obstacles in the way are almost insurmountable. I think it would be advantageous to both the producer and the feeder if more western grain could be shipped direct from the producer to the feeder in eastern Canada without all the red tape which now makes it almost impossible for such a transaction to take place.

I am wondering if serious consideration could not be given to ironing out some of the difficulties which now exist, in order that

western feed grains could be shipped direct to feeders in eastern Canada. I am sure they would benefit, and so would the producers. Would the minister care to make any comment at this time?

Mr. Harris: This has been a recurring problem for a number of years, and a great deal of consideration has been given to it by government departments and I think by every recognized farm organization. The hon. member himself admits that there are difficulties involved which so far have not been overcome, but that is not to say they might not be overcome some time. I think we all agree, at least those of us who live in the east do, that this is a most useful method of transporting grain to the east for feeding purposes. If there is any way we can improve the arrangement, of course we ought to do it. He knows as well as I do that there are those who do not think that direct shipment will be beneficial. It is a matter of judgment, and it is very difficult to say which is right or wrong. But under the present arrangements I think we provide most of the requirements of the east and, after all, perhaps that is the real purpose of the subsidy and also, of course, to dispose of excess stocks in the west. I assure him that the problem will continue to receive our consideration.

Mr. McBain: Is the subsidy paid on feed screenings as well?

Mr. Harris: Yes.

Mr. McBain: I suggest that a subsidy should not be paid to bring screenings from western Canada. The subsidy should be increased on better quality grain in order to bring more of that type of grain to eastern Ontario farmers.

Mr. Harris: I quite appreciate that, but it is paid on all grades of feed, and if my hon. friend does not want to buy screenings of course he does not have to.

Mr. McCullough (Moose Mountain): It was not my intention to speak on the item. I thought the hon. member for Humboldt-Melfort had put the case very clearly. But I want to assure the house that to my knowledge I have never heard of anyone being against the shipment of feed to eastern Canada. As the hon. member for Humboldt-Melfort points out, it is very beneficial to the western producer and to the feeder in eastern Canada. I have had many people in Ontario who are feeders come to me and say that often the type of feed they get is of very poor quality. If we had some method whereby the eastern feeder could get good quality feed from western Canada, I am sure the movement of feed grain from there would certainly increase. Then we could have a proper type of agreement between the western producer and the eastern feeder whereby we would have carload shipments in bulk so the eastern feeder would be assured of a better quality of feed.

At the present time the eastern feeder is complaining simply because on many occasions he has to buy inferior feed at very high prices. Certainly that is not conducive to the welfare of the western grain producer. Where the discrepancy comes in I do not know. I know that we grow a lot of fine feed, barley and oats, in western Canada. But many complaints come to us through members of parliament who are interested in this subject, indicating that the eastern feeder often gets very poor quality feed.

I support the suggestion of the hon. member for Humboldt-Melfort that the government should give serious consideration to trying to bring about bulk shipment from the producer in the west directly to the feeder in eastern Canada.

Mr. Bryson: I do not want to labour the matter at all, but I should like to ask a question for clarification. Is it a fact that if a feeder in eastern Canada applies to me as a producer I can ship him a carload of barley through the wheat board, provided I can supply that carload of barley and be within the limits of my quota? Is that substantially correct?

Mr. Gardiner: The wheat board has very definite regulations in addition to the legislation. The legislation sets out what it can do and what it is not able to do, and then there are regulations based on the legislation. The main difficulty in connection with shipment is the fact that the grain is pooled in the west and there has to be a price received for the grain that goes into the pool, which amount is afterwards divided among the farmers in the west. Therefore the wheat board takes the position that the grain first must be delivered to the elevator in order that the individual may get his advance payment from the elevator for his wheat or whatever it may be.

Then the grain has to be purchased at this end in a similar way. There is some difficulty in keeping track of a farmer's carload of grain, if he attempts to ship a carload of grain from the west to a farmer in the east, and giving the farmer in the east the same grain. But there is no difficulty in getting him another carload of grain out of the elevator, and when he takes it out he has to pay the price at which that grain is selling on that day. At the one end the farmer gets an advance payment and at the other end the

farmer pays the price of the grain on that day. There is accounting involved all the way in between so that when you are making interim payments and final payments everyone gets what they are entitled to receive. For these reasons the wheat board has to be very careful just what does happen in between, and that makes it a little difficult.

Mr. Bryson: I can certainly appreciate the inconvenience that would be caused and the trouble the wheat board would be put to. However, there are specific regulations in connection with the shipment of seed grain from a grower to an individual or a plant. I wonder whether those same rules could not apply or similar machinery could not be set up in connection with feed grain.

Mr. Harris: I will give consideration to that.

Item agreed to.

541. To provide for quality premiums on high grade hog carcasses and administration costs—further amount required, $290,000.

Mr. Harkness: I presume the increase of $290,000 is due to the fact that there was a considerable underestimate made last year as to the number of A and B-1 hog carcasses which would be eligible for this premium. Can the minister tell us how many of the hogs covered by this item were grade A and how many were B-1? Can he also tell us whether the increase in the number of A and B-1 carcasses was due to an increase in the percentage of carcasses grading sufficiently high to receive the premium, or whether it was merely due to a general increase in the number of carcasses and not an increase in the percentage of the better carcasses?

Mr. Harris: I cannot answer the latter part of the question; but as to the former, hog marketings for the calendar year 1955 were 16½ per cent greater than in 1954, and there seems to be a similar increase continuing through 1956. That is why we are asking for an additional sum of money.

Mr. Harkness: Does the minister know how many are A and how many are B-1?

Mr. Harris: No.

Mr. Smith (Battle River-Camrose): Would the minister consider paying a higher premium for grade A hogs? We in the west have found lately that there is a tendency for our farmers to put lower grade hogs on the market. That is particularly noticeable as a result of the Toronto fair last year. I wonder whether any thought has been given to increasing the premium paid on grade A hogs.

[Mr. Gardiner.]

Mr. Harris: The hon. member will appreciate the fact that this is a matter of principle and policy which I think could be dealt with at length and with much greater satisfaction to my hon. friend on the main agricultural estimates for the coming year.

Mr. Smith (Battle River-Camrose): I just wanted to bring it to the minister's attention.

Item agreed to.

Special—

542. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1955-56, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $5,757,483.

Mr. Argue: Could we have an explanation of what this item is mainly for?

Mr. Harris: Yes, Mr. Chairman. There are several items making up the total involved. They are as follows: 1953, butter, $1,001; 1954, butter, $5,317,596; 1954, shell eggs, $428,453; 1955, shell eggs, $45,427; 1952, canned pork, $4,747; 1955, potatoes, $1,000. There is a slight credit for apples and beef of about $40,000 to come off the total, leaving in the result the amount of the vote.

Mr. Argue: Was not the loss of $5,317,596 on 1954 butter in fact the whole loss paid out on 1954 butter? If my memory serves me correctly, the item in the estimates covering this matter was just a nominal item.

Mr. Harris: I think that is so.

Mr. Argue: I should like to make one observation. Some time ago the Minister of Agriculture put statistics on the record as to the production of butter in this country.

He showed that over as much as 20 years there has been little variation in the annual production of butter in the country, and that while some people may say the floor price on butter is leading to increased production, the statistics show that there is little in that statement.

I think it is true that members of all parties in the house support the government's floor price on butter. But time and time again you read in daily newspapers reports and editorials which suggest that the country is losing a huge sum of money on the floor price that is being paid for butter, and that by some means the producer is getting a huge hand-out while the consumer is being rooked.

I want to point out that butter production in 1954 was some 334 million pounds, which was worth approximately $200 million. In

stabilizing the $200 million payment to the cream shippers and butter producers, and also to play an important part in the stabilization of the whole dairy industry and therefore to a substantial extent the stabilization of the whole agricultural industry, we were able to accomplish a great deal by the payment of what in my opinion is a nominal sum of $5,317,000 when related to the accomplishments of this program.

I do not think it would be in the interests of either the producer or the consumer that this policy be changed in the direction of reducing the floor. While on many occasions in the past I have quarrelled—and will no doubt continue to quarrel—with various aspects of the government's agricultural policy, I want to go on record as saying that in many respects the government's policy in relation to butter is a good one, and one the government might establish in other fields of agriculture.

Mr. Bryson: Would the minister repeat the figure in connection with pork products?

Mr. Harris: It was $4,747. It is carryover of accounts that have been long outstanding and that were finally settled.

Mr. Trainor: May I ask the minister what proportion of this item for butter is represented by the loss on the sale of butter to iron curtain countries?

Mr. Harris: I am afraid I have not that information available at the moment. I will be glad to provide it for my hon. friend.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Indian affairs branch—

Welfare of Indians—

544. Operation and maintenance—further amount required, $250,000.

Mr. Harkness: On looking at page 11 I note that this vote is for materials and supplies in the amount of an extra quarter of a million dollars. Can the minister give us some breakdown as to that item? I would be particularly interested to know whether this involves a considerable increase in what one might call relief payments, the issuance of rations and things of that sort, or whether it is mostly for materials of some other sort, whether construction materials or otherwise.

Mr. Harris: This item was largely for relief, as my hon. friend believes. Particularly in northern British Columbia and the prairie provinces the winter was not so good for the employment of Indians, the result being that we provided additional food, clothing and fuel and, for those who were physically handicapped, certain indigent payments as well. That is the reason for the increase.

Mr. Harkness: I am glad this money was supplied to those Indians, but I think the situation points up the fact that the government should be doing a great deal more to ensure that these people do not get into this position so they must be given relief in the form of rations and so on every year. Much better provision should be made for them so they can make a living for themselves on the reserves through their tribal activities, or by means of other employment. I know this is not the minister's department, so I shall leave the matter there and go into it further on the general estimates.

Mr. Harris: Thank you.

Mr. Leboe: I have been told that Indians of a different faith in other than a residential school are not supported by the grant. Suppose a Protestant school is operating and that a child who is of the Catholic faith wants to go there? I understand that no grant would be paid to that child of the other faith. Is that right?

Mr. Harris: Mr. Chairman, up until about 2½ years ago I had those details in my mind, but I do not carry them in my mind now. However, I would doubt very much that any child would not be properly cared for.

Mr. Leboe: Will the minister get the information for me?

Mr. Harris: I will.

Mr. Van Horne: Just about a week and a half ago a few members of the Micmac tribe from the Restigouche reserve, which is in Bonaventure county, were up here to Ottawa and saw several of the members from my province as well as members from various parts of Canada who were interested in Indian affairs. The gist of their complaint is that the Indian agents seem to take the attitude that they should force these people off the reserves to fend for themselves and make a living as best they can away from the reserves where they are no longer the responsibility of the government.

What happened was that several members of the Micmac tribe on the Restigouche reserve were forced to leave the country and go down to Texas or Florida and spend some months there during the winter. They took their families with them. Those children did not go to school. The Indians could not find a living down there. The Indian affairs department in the United States refused to help them because they were wards of the Canadian government. So then they limped

home or made their way back to their reserves, and started the trek all over again one or two years later.

The complaint seems to be that the government has not taken a realistic enough approach to the conditions under which the Indians are obliged to live. It was mentioned, of course, that they had to get along on less than $30 a month when they were out of work. In my area, as you all know, there are about 6,000 people on unemployment insurance and another 4,000 who should be on unemployment insurance but who are not qualified. Then you have all these Indians who are placed in an almost impossible position in regard to obtaining work. There is no question about it that serious hardship exists on the Indian reserves in Restigouche and Madawaska counties and in the county of Bonaventure. I would certainly ask that something be done immediately in order to try to help these people out a little bit more realistically.

Mr. Diefenbaker: Is the minister in a position to say whether this item covers the novel departure in policy on the part of the Indian affairs department, whereby Indians are to be given training in identifying minerals and encouraged to engage in the search for metals? Personally I have been critical on many occasions with regard to the administration of the Indian affairs department. I feel that in too great a measure there is bureaucratic control which in too many cases denies justice and right to the Indian population resident on the reserves. At the same time I commend the government for the inauguration of this novel program to increase Indian opportunities and make it possible for the Indian to earn his way.

I do not know who was responsible for the development of the plan, but certainly it is going to encourage Indians to act on their own initiative after having received the training which they are to receive in the identification of some 50 different varieties of rock in which may be expected to reside the minerals that are identified to those who take the classes. It is a step in the right direction, and one that has infinite possibilities for exploration in the northern parts of Canada. It has in it the beginning of a system of education which will enable Indians to make their way to a greater degree than ever before.

I should like the minister to give the house and the country some idea of the inauguration of this plan. Certainly it is the first time in my experience with that department that there has been commenced a system which, now that it has been adopted, seems to be the most obvious scheme to encourage the Indians in self-assistance that has ever been advanced.

Mr. Harris: Before the hon. member came in, Mr. Chairman, I had explained that this item did not cover that at all. This item is altogether for relief, so that actually what he has mentioned does not come within it. At the same time, I should tell my hon. friend that my successor in the Department of Citizenship and Immigration is making a number of changes, particularly in the field the hon. member has mentioned, and I am sure he is going to discuss them on the main estimates whenever they are reached during the session.

Mr. Van Horne: Can the minister inform me what part of this amount would be allocated to the Restigouche reserve in New Brunswick?

Mr. Harris: No, this is a general vote to make up the balance required in addition to the main estimates. I will draw my colleague's attention to the hon. member's request, and he will receive full information about that particular reserve.

Mr. Campbell: Has the minister any information, or has the government come to any decision about prohibiting the importation of peyote buttons. There have been religious organizations formed in my part of the country within the last year or two, and during what you might call religious celebrations these organizations have been importing from Mexico and the southern states what they call peyote buttons, that is a part of the cactus plant. While it is not classified as a narcotic, it has somewhat the same effect. These people all get around in a big circle, chew these buttons for a while and then become sick. After they become sick they are supposed to vomit up their sins. The next procedure is that they again chew these buttons but the reaction is different the second time. They go into a deep sleep which I am told lasts for 20 to 24 hours, and in that sleep they have beautiful dreams.

Is the government considering doing anything to prevent the importation of these buttons into Canada, because they are a form of narcotic and they are demoralizing to anyone who uses them.

Mr. Harris: I am not familiar with the problem, sir, but I will make inquiries.

Mr. Bryson: I presume this item is strictly a relief measure. I have had a great many letters from people reporting to me about three reservations in particular where the Indians are suffering real distress. I was wondering how the money is administered.

Who informs the department? Is it through the Indian agents? I wonder if we could have put on *Hansard* some time a table showing the Indian reservations or agencies to which money has been allocated under this vote?

Mr. Harris: Yes. I would tell my hon. friend that I do recall having put a similar statement on the record, I think in the year 1952, and he can compare it with the one he will get in a few days.

Mr. Castleden: This is an item for about a quarter of a million dollars, and apparently is to be spent on relief for Indians who find themselves in difficulties. As we all know, Canada suffered a very severe winter this year and the Indians on a good many reservations, as the minister knows, have a great deal of difficulty in making a living. In many cases the reservations are on barren land and the opportunity of obtaining work in that particular area is not very great. In the province from which I come the Indians have been able to supplement their allowance by an increased catch of fur. The conservation program has contributed to this increase. But there are parts of northern Ontario and northern Manitoba, I believe, where special assistance should be given.

I was wondering whether the minister has any information as to the reservations in northern Ontario which need help. I know there was one not very far north of the city of Ottawa, near Maniwaki, where conditions were reported to be very severe. A few years ago the Indian affairs committee had some reports of serious suffering as a result of malnutrition because reservations were in an uneconomic position. I suggest to the minister that where Indians are in the position that they cannot make a living out of the resources on a particular reservation, it would be much better for the Indians and for the people of Canada to move those people to land upon which it was easier for them to make a living.

I was wondering if the minister had any information as to the particular reserves where this extra amount is required. I notice the estimates for this year concerning the welfare of Indians show an amount of $2,638,000, and the amount for 1955-56 was $2,665,000. Is the minister in a position to give us any figures or any details on the particular reservations where extra assistance is required in the way of relief?

Mr. Harris: When the item was called, Mr. Chairman, I explained that the estimate made last year was adequate except for the fact that there were severe winter conditions in British Columbia and the northern prairies, and that it was because of the extra amounts paid in those areas we are now asking for this vote. I am not in a position to say what particular reservations ran short of money or required more relief, but it was in those general areas that we found we did not have enough money and we are now providing it.

Mr. Bryce: Could we have just what has been paid out?

Mr. Harris: Yes, I will get that.

Mr. Fraser (Peterborough): From what the minister said I would judge that none of this money is going into reservations in Ontario?

Mr. Harris: No. The point is that there is a big vote of some million and a half dollars for relief and that goes to the Indians wherever it may be required, but because there was an extra demand we did not expect in the western part of Canada, we ran short of money.

Mr. Fraser (Peterborough): I should like to tell the minister that I have a couple of reservations in my riding. I believe it would be wise, in order to help the Indians on those reservations, if the department were to put a tractor on these lands so the Indians would be able to have their fields plowed, harrowed and seeded. There are no horses now, so the Indians have to take jobs in Peterborough, which is some miles away, in order to make a living, and then get back to the reservation at night.

Mr. Harris: I will give consideration to that.

Mr. Bryce: I asked the minister whether he would be able to get information as to what was spent in Manitoba.

Mr. Harris: Right.

Mr. Bryce: They are awfully hard up there.

Mr. Harris: I will get it.

Item agreed to.

Indian affairs branch—
Education—

545. Administration, operation and maintenance—further amount required, $854,000.

Mr. Harkness: Mr. Chairman, this and the following item are both for educational purposes for the Indians. It makes quite a considerable increase, over $1 million, particularly as related to the total in last year's estimates. Therefore it would appear that either there was a very serious error made in making up the main estimates last year, or there has been a change in policy. I notice particularly that there is an increase of $140,000 for tuition and maintenance of Indian children in non-Indian and joint schools. I would take it from this that there has been a very considerable increase in the attendance of children at these non-Indian and joint schools.

I am very glad to see that. Perhaps nothing will do more to break down the barrier between the Indians and the rest of the population than to have the Indian children attending the same schools as the neighbouring white children. But in addition to that I see that under residential schools there are per capita grants of $668,000. As I said, it would seem either that a serious error was made in estimating last year, or there has been a change in policy. Can the minister give us any information in regard to these particular items?

Mr. Harris: Yes, Mr. Chairman. The hon. member has correctly interpreted the facts on the first item he mentioned, namely that there has been an increase in the number of Indian children attending non-Indian schools. I think we all are, as he is, very happy that that is so.

With respect to the residential school item, this amount arises because of a group of claims which were made under these items which came in, as a matter of fact, in March of the previous fiscal year but were not actually paid within the fiscal year 1954-55 and are now being paid because they have been audited and approved in the meantime. It does not mean a change in policy, nor does it mean a particularly substantial change in the numbers attending residential schools.

Mr. Harkness: On that very point, I presume what it does mean is that the religious institutions running the residential schools have been out this $668,000 for a year or more owing to this mix-up that occurred. Is that so?

Mr. Harris: Not entirely. There was an underestimation, but the amount they have been out for the 12 months has been a very large part of the $668,000.

Mr. Harkness: May I ask the minister what is the increase provided in this $140,000 for Indians going to non-Indian and joint schools? How many more children are going than were estimated the year before would be going?

Mr. Harris: I have not the details, but I will get them.

Mr. McCullough (Moose Mountain): Mr. Chairman, I am very happy to know that there is an additional vote here for the administration, operation and maintenance of the schools on the reserves. I do not intend to make any extended remarks at this time, but I am going to say to this government that any policy designed to increase the educational facilities for Indians throughout the reserves in Canada so they will have a higher education and be able to fit into various forms of employment will be all to the good. Unless we do have an over-all policy under which these people may leave the reserves and be integrated into the economy of this country, we shall be heading into serious trouble.

On my own little reserve at White Bear we have about 600 Indians. The children are sent to Brandon; the girls take home economics and other types of education, and then come back on the reserves. The young men take courses in agriculture and come back and conform to the reserve type of living. If the situation existing on this reserve is typical of the reserves throughout Canada, then this government is going to have to take a very serious look at the whole Indian population of Canada and do something to bring about equity and fairness for these people, rather than merely provide a vote for welfare which is on the basis of a relief program. We have to look at this thing so these people will have a fair chance as citizens of Canada.

No more disgraceful situation exists in Canada, in my opinion, than the treatment accorded to the Indian population of this country. In my section, as I say, we have almost 600 Indians. Some of the young men are educated; some of them have the ability to go out and earn their own living. The situation is growing increasingly worse. They are getting into trouble with the law and with the white population there. They see other classes of citizens with a higher standard of living; they see young white people driving cars, and they are relegated to an impoverished type of living. I for one want to say in the most emphatic way that it is a disgraceful situation. When the main estimates come down I hope that we shall see that the government is taking a step forward in providing something better for this class of Canadian citizen.

Mr. Castleden: Will the minister permit me to revert to item 544, for a moment, which has to do with relief? It was drawn to my attention recently by one of the Indian leaders in Saskatchewan by the name of John Tootoosis that a lady by the name of Mrs. Katherine Thompson, of Assiniboine reserve No. 76, of Sintaluta, Saskatchewan, a widow with three children, had to enter a sanatorium on account of a tuberculosis infection. After some cure was thought to have been accomplished she went out to work to maintain her children, but the housing conditions were bad and she recently had to go back into the sanatorium. Her plea is that something be done to provide some form of housing and food for her children while she is away and when she comes back, so that there will not be a relapse. I believe it is a case of direct relief which I think should be drawn

to the attention of the government. I wonder whether the minister would do that?

Mr. Harris: I will, Mr. Chairman.

Mr. Regier: I notice in the details of this supplementary grant provision for textbooks and school supplies to the amount of $24,000. The original grant was $65,000. I think the minister will agree that $24,000 in comparison with an original estimate of $65,000 is rather a large supplementary grant. Has there been a change in policy? Are textbooks now being offered to Indians free of charge that originally were not offered, or was it only a case of very bad guesswork on the part of some official?

Mr. Harris: No, I think it is a case of providing more text books rather than a guess.

Mr. Bryson: In connection with the educational system now carried on, does the federal government have a separate arrangement with each of the provinces, or is there a general policy regarding Indian children going to schools being supported within the boundaries of provinces? Are separate arrangements made, or is there an over-all policy?

Mr. Harris: With respect to what schools?

Mr. Bryson: Provincial schools.

Mr. Harris: If I understand my hon. friend correctly, the arrangements which are made for the admission of Indians to non-Indian schools are made directly with the school section involved, but of course with the consent and knowledge of the provincial department.

Mr. Brooks: I notice that most of the schools are lower grade schools.

Mr. Harris: Yes.

Mr. Brooks: If an Indian child wishes to take higher education in a high school or an advanced school, is provision made for him to go to such a school?

Mr. Harris: Yes; my recollection is that we have some form of assistance even up to and including university.

Mr. Castleden: I notice that the largest part of this item is an increased per capita grant to residential schools. Could the minister inform us whether that is an increase in the per capita grant and if that is why the increase is required, or if it is because there has been an increase in the school population?

Mr. Harris: I believe I explained that to the hon. member for Calgary North. This is to catch up on payments we agreed to make to residential schools but which were not made at the end of the last fiscal year simply because the accounts came in during March of that year and therefore they were settled this year. It does not represent an increase in numbers or a change in policy. It means we have had some large claims come in at the same time.

Mr. Castleden: What was the cause of the claim? Did you not have sufficient money to pay the per capita grants?

Mr. Harris: No. A further study was made of the residential school costs. This is an adjustment, having in mind the cost of education in the various schools.

Mr. Castleden: What is the per capita cost per day or per term?

Mr. Harris: It varies from school to school. I would have to get the details for my hon. friend.

Mr. McIvor: I want to say a word in favour of two schools about which I know something. I visited Maniwaki for ten years. I found the school there was manned by a young man and his wife from Fort William, which meant that the school was well manned by first-class teachers. We have two schools at Fort William, at Chippewa or Squaw Bay, one for beginners and one for more advanced pupils. These teachers were qualified to occupy positions in the public school system before they went there. They were highly competent.

Mr. Castleden: Is that a residential school or is it a day school?

Mr. McIvor: They are both residential schools.

Mr. Brooks: I wonder if later on, perhaps when the main estimates are taken up, the minister could tell us the number of Indian children who are attending high school and the number who are attending university. Perhaps he could also tell us how they are being integrated into the life of the country. We heard this afternoon that they come to these schools and get no advantage. It would be interesting to know what advantages are given to them.

Mr. Harris: Yes. The annual report of the Department of Citizenship and Immigration, Indian branch, sets out in detail the number of Indian children attending all grades of school from primary kindergarten to university. I am sure that in addition the minister responsible will speak of the problem my hon. friend has mentioned, in view of the other remarks.

Mr. Regier: After listening to the remarks of the hon. member for Fort William I cannot remain silent. I must inform the minister that there is something very much wrong with our system of Indian education in Canada. You can go to all the major urban centres of Canada and find that the Indian is finding a problem in acclimatizing himself to our present-day social life and economic life. I think the statement made by the hon. member for Fort William should not be taken by the minister as a general expression of satisfaction with the work our Indian schools are doing.

I can agree that they are manned by able teachers. However, at a very early date the department should attempt to find out for itself why, in spite of the efforts made by religious organizations, the Indian affairs branch of the department and the provincial departments of education, we are faced with this serious social and economic problem. It is a problem which is particularly noticeable in Vancouver by anyone who deals with the general public in that city. I feel that our method of educating the Indian population leaves much to be desired.

Mr. McIvor: Mr. Chairman, I believe I made a mistake. I was asked if the schools I referred to were residential schools. The teachers are residential but the schools are run like ordinary public schools and they are first class, no matter what anyone else says.

Item agreed to.

Indian affairs branch—

546. Construction or acquisition of buildings, works, land and equipment—further amount required, $162,000.

Mr. Dinsdale: We are all interested, Mr. Chairman, in the emphasis on the education of our Indian population. I understand it is part of the program of attempting to integrate our Canadian Indian population into the general population.

One or two comments have been made on the general educational system. Under this item I notice that the emphasis seems to be on the construction of residential schools rather than day schools. The figure for day schools is $33,000 and the figure for residential schools is $162,000. In going back to the main estimates I notice there is a figure of something like $2 million which has been earmarked for the construction of residential schools. My understanding is that the new emphasis in the education of our Indian population is on the construction of day schools on the reserves, rather than on taking the children away from the reserves to attend residential schools. The former policy will have the effect of transforming the general life on the reserve in preparation for the emancipation of the Indian from the reserve.

Could the minister indicate whether there is a large school construction program still going on in the field of residential schools?

Mr. Harris: The figures for the last fiscal year are roughly $2 million for day schools and $1,900,000 for residential schools. It is an accident that the balance should be one way one year and another way another year. The whole emphasis since the end of the war has been on the construction of day schools, and that emphasis has not been displaced by anything that has occurred during the past year. In the particular item we are discussing, of course, it happens that certain residential schools got along further with their work and we required more money to pay our bills; but as I pointed out at the beginning of the discussion, this is merely to pay money on schools which were already approved by parliament when the estimates were passed last year.

I do not intend to discourage my hon. friend, but if he wants to debate the principle of the construction of day schools as opposed to the construction of residential schools, I am sure he could do it to his satisfaction and the satisfaction of the public more effectively when he has the responsible minister here to answer. These sums are just clean-up items for buildings that have gone along closer to construction, and for which we need extra money to pay the bills.

Mr. Castleden: Do these relate to any particular schools?

Mr. Harris: I can give you the names of three or four where the construction work was completed ahead of time and for which extra money is needed.

Mr. Castleden: It is not a case of altering the contracts?

Mr. Harris: No.

Mr. Castleden: I suppose we could obtain copies of the contracts or agreements by asking for a notice of motion for the production of papers?

Mr. Harris: Yes.

An hon. Member: Careful.

Mr. Knowles: "Them days is gone forever."

Mr. Bryson: Mr. Chairman, in an area where a great many Indians are living but where there is no reserve, and where the Indians attend schools operated by the provincial department of education, is there a sharing of costs by this department?

Mr. Harris: Perhaps I misunderstood my hon. friend earlier. That is a matter which I think my hon. friend should address to the minister in charge on the main estimates.

Item agreed to.

National Gallery of Canada—

547. Administration, operation and maintenance, including industrial design division—further amount required, $29,600.

Mr. Nesbitt: Mr. Chairman, I have a question I should like to direct to the minister. Was any commission paid on the transaction involving the purchase of paintings from His Highness the Prince of Liechtenstein? The minister nods assent; I presume it was 5 per cent?

Mr. Harris: No, it is not 5 per cent. It is 5 per cent on the first $400,000; 4 per cent on the next $200,000; 3 per cent on the next $200,000 and 2 per cent on the balance. It totals $35,000.

Mr. Nesbitt: I can understand why a commission would be paid to a broker on the first deal, as it might be a question of getting the parties together. As I recall, the first purchase of pictures amounted to about $500,000, but this second purchase amounted to over $885,000. It seems strange to me that it would be necessary to go through a broker on the second occasion and pay a substantial brokerage fee of $35,000.

I recall asking this question a year or so ago, and I believe the minister in question said it was the custom of the trade to act through a broker. It seems strange to me that this is necessary on the second transaction. Relations had been established and the first deal transacted. More than that, as I have heard from many sides, we have a most capable president of the national gallery in the person of Mr. Jarvis. Surely he would be capable of judging the value of these pictures, and possibly making a trip to see the Prince of Liechtenstein. It seems to me that this amount of commission is rather unnecessary.

There may be an explanation, but it seems to me that this is an inordinate amount. I understand the commission in this case is $35,000 and last time the commission was $25,000, which makes a total of $60,000. A return was made to the hon. member for Prince Albert which indicated that the amount spent in the last ten years by the national gallery on Canadian paintings was about $88,000. In other words the total of these commissions was close to the amount spent on Canadian paintings during the last ten years. In that same period of ten years approximately $2,335,000 was spent in European paintings. I would be interested in knowing not only the amount that was spent but the number of European paintings that were purchased during this period, as well as the number of Canadian paintings purchased.

It seems to me that possibly the policy of the gallery might be changed. European galleries like the Louvre or the Tate gallery were able to buy paintings by Rembrandt, Rubens and so on at relatively low prices. It was like buying penny stocks, because during the years their values appreciated. What the Canadian national gallery is attempting to do at the present time could be compared with buying stocks at peak prices. With the restrictions that exist on the export of art objects from Europe it is almost impossible for the national gallery of Canada to hope to acquire collections equal to those of European galleries.

I think this policy might be looked into, and perhaps the gallery could buy greater numbers of Canadian, Mexican, American and British paintings at relatively low prices. I am sure Mr. Jarvis could give advice on these purchases. The works of many modern artists are going to be valuable in the future, and the national gallery should be getting together a collection, not just for the present but for a hundred years or more in the future. I submit they should adopt a policy of buying paintings by good Canadian, United States, British, Mexican and European artists of the modern school. These pictures would appreciate in value in the future, and we would thus have a fine collection. At the present time we cannot hope to have a large collection of paintings by the great masters of the past.

It seems to me that there is little value in trying to ape the great European galleries. The four pictures in question being purchased at this time consist of a famous painting by Rubens, one by Martini who was I believe an early Italian painter, and two by an eighteenth century French painter named Chardin. I should like to find out exactly what amount was paid for each of these pictures, and also if the national gallery is going to pursue this policy of acquiring expensive works by old masters. It seems to me that if that is to be done they might stress quality a little more than quantity. I am not suggesting that works by Martini and Chardin are not valuable, but they are relatively unknown artists as compared with men like Rembrandt, Leonardo da Vinci, Rubens and so on.

The hon. member for St. Paul's tells me that the Prince of Liechtenstein has a painting in his collection by Leonardo da Vinci which is presently for sale. I understand the price is rather high, being somewhat over $1 million, but there are no paintings by this

artist in North America. If the government is going to pursue this policy of acquiring expensive works by old masters it might be a good idea if they purchased fewer of the works by less well known painters and bought one or two really good ones. They should have considered purchasing this particular painting by da Vinci.

I repeat that commissions such as this to some broker are excessive. I am quite sure these paintings could be purchased in another way. There should be a complete revision of this policy of purchasing a smattering of old works instead of good modern paintings which no doubt would have a considerable value in the future. If we are going to buy expensive works by old masters let us buy some really good ones, rather than those by artists who are not so well known.

Mr. Murphy (Lambton West): I should like to say something on this item, but I do not want to hold up the committee. If the minister can say on behalf of his colleague that we will have an opportunity to discuss item No. 548 when we come to the main estimates I would be ready to expedite the proceedings of the house, but I do want to say something on this particular item.

Progress reported.

Resolutions reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harris: We will continue with this business tomorrow.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

ATOMIC REACTOR—INDIA

Question No. 250—**Mr. Thatcher:**

1. Has Canada given, or is she planning to give an atomic reactor to India?
2. If so, (a) what is the purpose of the gift; (b) what is the total cost involved; (c) did India make any request for such a gift?

Answer by: **Mr. Pearson:**

1. Yes. Canada is providing an NRX experimental and research atomic reactor to India under the Colombo plan. This proposal was announced in an exchange of messages between Mr. St. Laurent and Mr. Nehru last year and it is expected that an announcement will be made shortly about the signature of an intergovernmental agreement which will set out the details of this project. Preliminary construction work at the site has already begun and officials from Atomic Energy of Canada Limited are in close consultation with the Indian department of atomic energy.

2. (a) The NRX reactor which has served Canada so well in its research program for the peaceful uses of atomic energy will form part of a new atomic research centre which India is creating near Bombay. In addition to the Indian scientists who will use the facilities of the reactor the Indian government has agreed that subject to their approval the reactor will also be available for use by foreign scientists including those from other Colombo plan countries in the area.

(b) The estimated total cost of this project is roughly $14 million. In accordance with normal Colombo plan practices, Canada will finance the external costs of the reactor, estimated at $7·5 million. The balance, which are local costs, will be met by the Indian government. It is possible that counterpart funds arising out of earlier Canadian grants to India may be used by the Indians to cover part of the local costs. While India will provide most of the labour, the equipment will be manufactured in Canada and installed under the supervision of Canadian engineers and scientists. Canada has also agreed that this reactor will be financed over the next two or three years by special Colombo plan funds which will be supplementary to India's regular annual allocations; part of the increase in the Colombo plan contribution which parliament will be asked to approve for 1956-57 will be used for this purpose.

(c) The Canadian government was aware of India's desire to improve and increase the facilities which it had at its disposal for research in the peaceful uses of atomic energy. We knew in fact that India was making inquiries to several sources with a view to obtaining a research reactor. As a result of the close contacts which have been established between Canadian and Indian scientists it was realized that an NRX type reactor would make an extremely valuable contribution to India's research program as well as to scientists in the whole Colombo plan area.

T.B. MORTALITY STATISTICS

Question No. 298—**Mr. Hardie:**

What has been the reduction in the last 10 years in the number of deaths from tuberculosis in Canada: (a) among the Indian and Eskimo population; (b) among the white population?

Answer by: **Mr. Martin:**

The death rate from tuberculosis per 100,000 of the population of Canada has dropped during the past 10 years from 46·0 to 10·3 in 1954—1955 statistics are not yet available—or approximately 80 per cent.

(a) Among the Indian population the rate has dropped 90 per cent from 565·7 deaths per population to 60·2.

Among the Eskimo population of the Yukon and Northwest Territories the rate has dropped 56 per cent from 568·4 deaths per 100,000 population to 252·5.

(b) Among the white population the rate has dropped 75 per cent from 40·7 deaths per 100,000 population to 9·8.

BUTTER IMPORTS

Question No. 304—**Mr. Holowach:**

1. Has Canada imported any butter from New Zealand or elsewhere since January, 1954?
2. If so, how many pounds of butter were imported into Canada?
3. Who were the importing companies and at what price was the commodity purchased?

Answer by: **Mr. Howe (Port Arthur):**

1. Yes.

2. Imports of butter by countries, calendar years 1954 and 1955:

	Calendar year 1954		Calendar year 1955	
Country	Lb.	Value	Lb.	Value
United Kingdom	2,749	$1,100	4,999	$2,079
United States ..	83	53	6,572	4,015
Totals	2,832	$1,153	11,571	$6,094

3. Section 15 of the Statistics Act precludes the disclosure of information relating to private business.

Questions

DORCHESTER PENITENTIARY, N.B.—EMPLOYEES

Question No. 307—**Mr. Murphy (Westmorland):**

1. How many employees are there at the present time at the Dorchester penitentiary in New Brunswick?
2. How many new employees were taken on in each of the years 1952 to 1955, inclusive?

Answer by: **Mr. Garson:**

1. At February 29, 1956—200.
2. Fiscal year 1952-53, 10; Fiscal year 1953-54, 18; Fiscal year 1954-55, 16; Fiscal year 1955-56, 30. (To February 29, 1956).

C.N.R. CONSTRUCTION, ATLANTIC DIVISION

Question No. 309—**Mr. Murphy (Westmorland):**

1. How many contractors carried out maintenance of way or the building or the rebuilding of roadbeds or right of way and associated work for the Canadian National Railways in the Atlantic division, during the year 1955?
2. How many men were employed by the contractors to do this work?
3. How many Canadian National Railways employees were employed in the Atlantic division doing similar work during 1955?

Answer by: **Mr. Marler:**

The Canadian National Railways advise as follows:

1. One.
2. The average number of men employed by the contractor from July to December was 437.
3. The average number of men employed by the Canadian National Railways was as follows: April to July 1955, 1,315 regular, 557 extra; July to December 1955, 1,315 regular, 722 extra.

C.N.R. RAILWAY CAR PURCHASES

Question No. 310—**Mr. Argue:**

What are the numbers, types and prices of railway cars, if any, purchased by Canadian National Railways during (a) 1950; (b) 1951; (c) 1952; (d) 1953, from (i) Canadian Car and Foundry; (ii) National Steel Car Company?

Answer by: **Mr. Marler:**

The Canadian National Railways advise as follows:

(a) (i) *Canadian Car and Foundry Company, Ltd.*—490 50-ton flat cars; 5 135-ton depressed centre flat cars; 20 sleeping cars; 25 first class coaches; 3 baggage cars (Nfld.).

(ii) *National Steel Car Corporation, Ltd.*—50 baggage cars; 100 70-ton longitudinal hopper cars.

(b) (i) *Canadian Car and Foundry Company, Ltd.*—2,000 50-ton box cars; 100 70-ton covered hopper cars.

(ii) *National Steel Car Corporation, Ltd.*—1,500 50-ton box cars; 50 baggage cars.

(c) (i) *Canadian Car and Foundry Company, Ltd.*—100 30-ton flat cars (Nfld.); 1,000 40-ton auto cars; 1,500 50-ton box cars; 6 sleeping cars (Nfld.); 3 mail cars (Nfld.); 6 multiple unit coaches; 12 multiple unit trailer coaches.

(ii) *National Steel Car Corporation, Ltd.*—1,250 70-ton triple hopper cars; 800 50-ton flat cars; 75 70-ton longitudinal hopper cars; 500 50-ton refrigerator cars.

(d) (i) *Canadian Car and Foundry Company, Ltd.*—125 70-ton covered hopper cars; 100 50-ton ballast cars; 1,200 50-ton box cars; 150 30-ton flat cars (Nfld.); 5 135-ton depressed centre flat cars.

(ii) *National Steel Car Corporation, Ltd.*—200 50-ton refrigerator cars; 50 30-ton refrigerator cars (Nfld.); 150 70-ton covered hopper cars; 5 mail and express cars; 118 baggage cars.

It is not the practice of the management to disclose the unit price of railway equipment.

DAIRY EXPORTS

Question No. 329—**Mr. Hodgson:**

1. How much (a) butter; (b) cheese, was exported from Canada in 1955?
2. To what countries?
3. What was the price to each country?

Answer by: **Mr. Howe (Port Arthur):**

1. (a) 74,032 cwt. (b) 137,390 cwt.

2 and 3. Quantity and value, calendar year 1955:—

Butter (item 2700)

Country	Cwt.	Value
United Kingdom	6	$ 357
Arabia	1	90
Czechoslovakia	12,109	502,738
St. Pierre and Miquelon	1,662	105,272
Japan	1	61
Netherlands	2	82
Alaska	1	30
Germany East	60,247	2,229,161
United States	3	208
Totals	74,032	$2,837,999

Cheese, cheddar (item 2711)

United Kingdom	126,088	3,629,666
Bermuda	490	16,984
British Honduras	2	91
Barbados	94	3,306
Jamaica	4	146
Bahamas	500	20,949
Leeward and Windward Islands	187	7,624
Belgium	1,702	53,652
St. Pierre and Miquelon	2	97
Guatemala	5	280
Haiti	13	519
Netherlands Antilles	1	44
United States	5,270	197,603
Totals	134,358	$3,930,961

Cheese, n.o.p. (item 2712)		
Bermuda	157	6,070
British Guiana	25	1,526
British Honduras	32	1,008
Barbados	38	2,142
Jamaica	67	3,671
Trinidad and Tobago	154	7,659
Bahamas	36	1,503
Leeward and Windward Islands	137	5,424
Belgium	491	15,567
Cuba	4	239
Guatemala	6	240
Haiti	180	6,252
Netherlands Antilles	2	59
Panama	31	1,191
Alaska	2	47
Venezuela	8	350
Lebanon	1	36
United States	1,661	61,466
Totals	3,032	$ 114,450

NATIONAL GALLERY—PURCHASE OF LIECHTENSTEIN PAINTINGS

Question No. 332—**Mr. Murphy (Lambton West):**

1. When the paintings of the Prince of Liechtenstein were obtained for the national art gallery, were they obtained directly from the Prince of Liechtenstein or were they obtained through some agent, broker or dealer?
2. What was the amount paid for the picture?
3. Did the federal government pay a commission for their purchase? If so, how much?
4. If the pictures were obtained through a dealer, agent or broker, or anyone other than the Prince of Liechtenstein, who was that dealer, agent or broker?

He said: I wonder if I might take advantage of this opportunity to change a word in the second part of question No. 332. I should like to change the word "the" before "picture". It should be "each" picture. I ask that that correction be made so there will be no misunderstanding.

Mr. Speaker: Do I take it that this is considered by the hon. member as being a clerical error?

Mr. Murphy (Lambton West): Yes.

Mr. Speaker: The correction will be made accordingly.

ASSISTANCE FUND EXPENDITURES

Question No. 262—**Mr. Brooks:**

1. How much money has been spent under assistance fund (W.V.A.) in each of the provinces up to January 1, 1956?
2. What amount is still remaining in the fund?

Questions

He said: With reference to question No. 262 standing in my name, I should like to ask that the second part be dropped.

Mr. Speaker: Is that agreeable?

Some hon. Members: Agreed.

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Production service—

Health of animals—

538. To provide for payment of compensation to owners of animals affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, and to provide for payments to owners for loss of cattle during treatments for immunization against hemorrhagic septicaemia, and sheep and goats that reacted to tuberculin tests, all as detailed in the estimates, $2,304.

Marketing service—

539. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $1.

Terminable services—

540. Freight assistance on western feed grains—further amount required, $500,000.

541. To provide for quality premiums on high grade hog carcasses and administration costs—further amount required, $290,000.

Special—

542. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1955-56, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $5,757,483.

543. To provide a grant to the estate of the late Alfred Anderson, former employee of the department, in lieu of supplementary death benefits under the Public Service Superannuation Act, $3,546.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

A—Department—

Indian affairs branch—

Welfare of Indians—

544. Operation and maintenance—further amount required, $250,000.

Education—

545. Administration, operation and maintenance—further amount required, $854,000.

546. Construction or acquisition of buildings, works, land and equipment—further amount required, $162,000.

B—National Gallery of Canada—

547. Administration, operation and maintenance, including industrial design division—further amount required, $29,600.

APPENDIX

LETTER FROM PRIME MINISTER TO PROVINCIAL PREMIERS

Similar letters sent to the premiers of all the provinces. The letter to the premier of Quebec was in the French language.

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, March 19, 1956.

The Honourable Leslie M. Frost,
Premier of Ontario,
Toronto, Ontario.

My dear Premier:

Since our meeting on March 9, my colleagues and I have given further consideration to the principal points raised there. A further review of our prospective budgetary position during the period contemplated has confirmed our view that substantially larger payments to the provincial governments, or greater tax abatements in those provinces where the provincial governments prefer to levy their own taxes in the three fields under discussion would likely require the federal government to find additional revenues from other sources in order to make such payments and still maintain a sound federal budget. Federal taxation is already at a high level and we do not believe that the interest of this country would be best served by further increase of federal taxes for provincial puposes.

Several premiers have referred to the possible inadequacy of our proposed stabilization payments. It was suggested that the "floor" should be, not 90 per cent, but 100 per cent of the average of the two preceding years. There was also some criticism that under certain circumstances the new formula might yield lower revenues than the existing pattern of rental agreements upon which our proposals are designed to be an improvement.

We attach considerable importance to the stabilization feature of these proposals and consider they will be of great value should our present prosperity falter in any significant measure.

On further consideration, therefore, we are prepared to meet these provincial suggestions on this feature to a substantial extent. We do not think it would be wise or proper to give a guarantee of 100 per cent, because there is inevitably some fluctuation from year to year in corporation profits taxes and succession duties. We are prepared, however, to amend our proposal respecting stabilization payments by substituting "95 per cent" for "90 per cent" in numbered paragraph 2 (b) of my letter of January 6. We are also prepared to add as a new subparagraph (c) immediately after 2 (b) "the tax rental that would have been paid or available to the provincial government in that year had the tax rental system of 1952-57 been continued without change". This last provision will make abundantly clear that no province can under any circumstances suffer financially by the change from the present to the new system.

In the course of his statement relating to possible tax collection agreements, the Minister of Finance said that the fee we had in mind was 2 per cent. This was an approximate figure based upon the ratio of the expenses of the income tax division of the Department of National Revenue to the total revenue collected by that division, adjusted for such items of cost as office accommodation, etc., which are borne elsewhere in our accounts, and with a further allowance to cover the costs of altering our administrative processes as the result of the requirements of collection agreements. It is, of course, recognized that it costs less per $100 of revenue to collect corporate income tax than personal income tax, and accordingly the appropriate charge might well vary in the different tax fields.

If your government is interested in a collection agreement, our technical officials will be glad to confer with yours to ascertain as accurately as possible what those costs would be. As I said at our meeting, we have no intention of making a profit out of collection agreements, but we would expect to recover the additional costs to the federal treasury which they involve.

We are preparing now legislation to place before parliament, which would authorize us to implement the proposals which this government has made and which have been amended in various respects following consultation with the provincial governments. We believe that under such legislation it will be possible for us to introduce a new organization of federal-provincial fiscal relations which will retain many of the best features of the tax rental system developed in the past, while providing a new flexibility in provincial finance appropriate to the nature of the period to which we all look forward.

Reference will be made to these matters by the Minister of Finance in his budget speech on Tuesday evening, and I propose to table a copy of this letter on Wednesday.

Yours sincerely,
LOUIS S. ST. LAURENT

HOUSE OF COMMONS

Thursday, March 22, 1956

The house met at 2.30 p.m.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. W. J. Henderson (Kingston) moved:

That the petitions for private bills of Canadian Pacific Railway Company and of Richard Gerald MacIsaac and others for an act to incorporate the Albion Insurance Company, together with the clerk of petitions' reports thereon of March 20 and 21, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

BUTTER

CONTINUATION OF FLOOR PRICE OF 58 CENTS TO APRIL 30, 1958

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, in view of the discussions which have taken place and the fact that many hon. members will be going home to their constituencies shortly, I thought I should give them a favourable message to take along with them. We have decided to continue the 58-cent floor price for butter on the same basis as throughout the present year until the 30th day of April, 1958.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): May I ask the minister whether he has given any further consideration to discontinuing the subsidy to hospitals and other institutions as he mentioned earlier in the session?

Mr. Gardiner: The question, Mr. Speaker, is as to whether any further consideration has been given to whether or not we would continue to supply butter to institutions at lower prices. We are still continuing to do so and no final decision has been made with regard to what will be done in the future.

BRITISH COLUMBIA

INQUIRY AS TO DESIGN OF PROPOSED CENTENNIAL STAMP

On the orders of the day:

Mr. Elmore Philpott (Vancouver South): I should like to direct a question to the Postmaster General. Has the British Columbia centennial committee suggested any design for the proposed stamp to celebrate the 100th anniversary of the founding of British Columbia? If not, would the minister welcome the same?

Hon. Hugues Lapointe (Postmaster General): In answer to my hon. friend's question I would say we have had considerable correspondence with the British Columbia centennial celebration committee and it is hoped that the committee will provide the department with some material which could be used as a basis for a commemorative stamp.

EXTERNAL AFFAIRS

RUSSIA—REPORTED ESTABLISHMENT OF AIRFIELDS ON ICE FLOES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Secretary of State for External Affairs. Are any Russian airfields established on ice floes and presently in Canadian Arctic waters, known as severnyi-polyus No. 6 and severnyi-polyus No. 4?

Hon. L. B. Pearson (Secretary of State for External Affairs): I shall have to take my hon. friend's question as notice and look into the matter.

PUBLIC SERVICE

INQUIRY AS TO BASIS OF PROPOSED SALARY INCREASES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Can the minister inform the house whether the proposed civil service salary increases will be on a percentage basis or will they be on a basis fairer to those in the lower and middle salary brackets?

Hon. W. E. Harris (Minister of Finance): I think the announcement, when it is made, will indicate the basis on which it is made.

NATIONAL DEFENCE

D.E.W. LINE—OPPORTUNITY FOR CANADIAN CONTRACTORS TO TENDER

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): May I direct a question to the Minister of Defence Production? Were any Canadian

contractors given an opportunity to provide personnel to man and operate this D.E.W. line located in Canada?

Right Hon. C. D. Howe (Minister of Defence Production): Canadian contractors were invited to tender and at least two Canadian contractors did tender. Unfortunately their tenders were out of line with the tender that was finally accepted. I may say our Department of Defence Production has been in constant touch with the United States department of defence, and with the successful contractor. We have reason to believe that at least 80 per cent of the personnel employed on the section of the D.E.W. line within Canada will be of Canadian citizenship, and we also have every reason to believe a fair number of Eskimos and Indians resident in the area will be employed on the line. I think that when the situation can be put before the house in some detail, hon. members will not be disappointed at the extent of Canadian participation in the plans for operation of the D.E.W. line.

Mr. Drew: Does the minister suggest that Indians and Eskimos are going to take part in the manning and operation of the D.E.W. line?

Mr. Howe (Port Arthur): Yes. There is certain work in connection with the manning which they are capable of performing, and I understand that a study of the situation has indicated there will be opportunities for employment for Indians and Eskimos to a limited extent.

Mr. Hees: Could the minister advise the names of the unsuccessful Canadian contractors?

Mr. Howe (Port Arthur): It has never been the custom to mention the names of unsuccessful contractors. The successful contractor was the Federal Electric Company of the United States.

TRADE

BACON—SUGGESTED ATTEMPT TO NEGOTIATE CONTRACT WITH UNITED KINGDOM

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): I should like to direct a question to the Minister of Trade and Commerce and I am sorry I have not given him notice. Is the minister's department attempting to negotiate a bacon contract with the government of the United Kingdom?

Right Hon. C. D. Howe (Minister of Trade and Commerce): No, Mr. Speaker.

[Mr. Pearkes.]

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

B—National Gallery of Canada—

548. Payment to the national gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act—further amount required, $885,000.

The Chairman: Shall this resolution carry?

Mr. Nesbitt: Mr. Chairman, further to some remarks I made on this item yesterday regarding the purchase of these paintings from the Prince of Liechtenstein, there are one or two further questions I should like to place before the minister, and I hope to get some answers. This is a very extensive item indeed for the purchase of paintings. We have heard that in the past deception has been going on in the purchase of paintings. For instance, it is a well known story that the late lamented Hermann Goering was properly swindled in the purchase of paintings once by a very great expert reproducer of old masters. I am not suggesting that the paintings of the Prince of Liechtenstein are in that class, but I would like to know how many experts, if any, examined this collection to make sure that they are what they are supposed to be. That is something that is well worth looking into. Did Mr. Jarvis, the director of the national gallery, see these pictures, or did the agent of the broker through whom they were bought examine them? Just who did examine these pictures? That is information the committee is entitled to. In addition to that, would the minister give us the name of the firm of brokers through whom those pictures were purchased?

Mr. Harris: Mr. Chairman, the brokers were Agnew and Sons Limited, London, England.

As to the former question, my recollection is that the prince's collection of paintings is probably as well authenticated as almost any, in that there have been records of the paintings published over several hundred years, and that in questioning the background there is less chance of that occurring under these circumstances than would be if there were no record kept for some considerable time.

As to the number of experts who examined these paintings, I must say that I have not the information; but I do know that long before the current series of purchases began three or four years ago, the prince's collection had been examined not only by experts on behalf of the national gallery but by the

director of the national gallery himself on more than one occasion and at a time when probably it was not in their minds that we would be purchasing some of the paintings. However, on the main estimates I think the minister will give my hon. friend full details as to the steps taken to ensure that there is no mistake made.

Mr. Diefenbaker: I should like to follow up that question. Is it the purpose of the trustees of the national gallery to endeavour to the utmost to encourage the development and expansion of Canadian art? I ask this question because when I look at the expenditures that have been made since 1945 it is apparent that for every $22 spent on pictures painted elsewhere than in Canada, $1 is spent on Canadian paintings. I feel that a larger percentage of the expenditures should be directed to the encouragement of Canadian art. Canadian artists have a very difficult time to make their way. While they are impelled by their art, none the less they have to make a livelihood. When they have paintings that are worthy of the national gallery as being representative of Canada, indeed representative of Canadian nationalism, I feel that more encouragement should be given to them than has been given heretofore. If we are to build here in Ottawa a great national shrine, one that will memorialize our achievements, I feel that to a greater extent than ever before there must be as a target on the part of those charged with transforming Ottawa into the city beautiful, the national capital, a greater emphasis on things Canadian.

We have many French Canadian artists whose work is directed to the perpetuation of the life of the areas occupied in the main by those of French origin.

We have an important artist who comes from the province of Saskatchewan whose name is Henderson, a man who was laughed at when he first started to paint the barrenness of Saskatchewan. That was the view of those with a classically artistic turn of mind. He was able to perpetuate in art something of the spirit of Saskatchewan which to those who live in other provinces is difficult to discern on a visit there. He caught this spirit very imaginatively. It is the same with artists in other parts of this country. Another example is Miss Emily Carr whose art made her famous in her lifetime. I believe her work will live as representative of the generation in which she participated in the artistic life of this country.

With all due regard to the benefits that flow from viewing art for art's sake and pictures that are painted outside of our country, I feel that first and foremost the national gallery in the capital city should be one to encourage, develop and expand Canadian art.

Mr. Thatcher: I must say that I cannot get too enthusiastic about this expenditure, despite the fact that I may be accused of lacking culture. Nevertheless when I look at the sum of $885,000 for four paintings I begin to wonder if the government is bringing Liechtenstein into the Colombo plan, or if we are extending them lend-lease or something of that nature. In the original estimates the government proposed to spend $130,000 for acquiring art works this year. Parliament passed the policy on the basis of such a figure, and it seems rather strange to me that the government now comes and asks, in addition, seven times as much as the original sum.

The national gallery has a new director. I understand that Mr. Jarvis is an extremely capable man. Sometimes he likes to make speeches. Down in Montreal a few weeks ago he was apparently rather disdainful about hardware merchants and others who take it upon themselves to criticize expenditures for art. There may be some justification for his disdain and certainly he is entitled to his opinion. But I would remind Mr. Jarvis that it is the people of the constituency I represent and others, who have to pay the bills for these paintings. Indeed it is these people who pay his salary. I therefore think we are perfectly entitled to be critical at times of his spending.

What does the expenditure of $885,000 mean in terms of farming? I would point out that it represents about 650,000 bushels of wheat, the total output of approximately 125 prairie farmers for a year. It represents about 6,000 steers, I suppose—grain-fed ones at that. I think this sum is a lot of money and I wonder if it is wisely spent.

I have been told that we have literally thousands of paintings at the gallery today which are not on display. Some are stored in the basement and some are stored in other warehouses. I do not know whether or not this is correct, but if it is, I feel we should take some action to put on display the paintings which are presently in storage, before we expend such huge sums in purchasing additional works.

I should like to ask the minister what is being done to get these art treasures out to other parts of the country, so people other than those living in Ottawa can see them. I know there are some tours, but I do not remember an exhibition being held in my constituency. If we are going to spend hundreds of thousands of dollars on new paintings

I think the government should give consideration to arranging more extensive tours in all provinces, where many more people can see them.

Perhaps this particular expenditure is not going to be repeated, but if it is, I think the estimates for the national gallery should be referred either to one of the standing committees or to a select committee to be appointed. I do not like to see money being spent in such quantities without some kind of supervision. I hope the minister will give the matter consideration.

Mr. Herridge: Mr. Chairman, I must protest against this hill-billy approach to this particular question. I know that when it is in one item it sounds like a great deal of money, but we must remember that many organizations and many hon. members of this house have urged the government to build up a national gallery and national library in order to develop a cultural centre in Ottawa. I for one cannot see how anyone could reasonably protest at an investment of about six cents per capita in order to obtain a choice collection of world-known paintings.

Mr. Bryce: Mr. Chairman, I do not rise at this time to speak for the C.C.F., I am speaking for the people whom I represent in Selkirk. I think it is a shame that we should vote $885,000 for pictures. I have nothing against the finer arts but I had to work too hard when I was young to be able to participate in or enjoy them. I do not wish by any means to deprive other people of that pleasure, but in a booming economy such as we have here in 1956 we should be able to do something for poor people who have neither feed nor seed in the north of Selkirk constituency. I drew the attention of the Minister of Justice to the fact that this government had collected $300,000 from the people under the P.F.A.A. and they have not received any benefits in return.

The Chairman: Order.

Mr. Bryce: Just let me go on for a couple of minutes and I will sit down. I want to go on and tell you what I have to say. I think it is a disgrace for the parliament of Canada to do that sort of thing today and now we are being asked to vote $885,000 for the finer arts when people are going hungry, when they have not the necessities of life. They do not know what to do and neither this government nor the provincial government will do a darn thing about it.

I appeal to the Prime Minister because he is the only man who smiles when I ask him. Mr. Prime Minister, please do something for these people because they are in terrible straits today.

[Mr. Thatcher.]

Mr. Nesbitt: Mr. Chairman, yesterday I raised objection with respect to the payment of commissions which I felt were unnecessarily excessive. If this whole transaction was necessary, and I have grave doubts, it could have been carried on by the director of the national gallery. Accordingly I move:

That item 548 be reduced by $35,000.

This is the amount of the commission.

Mr. Quelch: I should like to ask the minister if any of this money is being spent to buy so-called abstract paintings. I attended an exhibition last year of what were called abstract paintings and I think they could have better been called a chamber of horrors. If we are spending money on such grotesque things as that, I think we might as well say—

Mr. Pearson: They did not paint them in those days.

Mr. Cameron (Nanaimo): I remember that this item came before the estimates committee, that is, if I am correct in assuming that this item has nothing to do with the purchase of the Liechtenstein collection. Am I correct in that? Am I correct in assuming that this particular item of $885,000, or some of it at least, is in connection with the Liechtenstein collection?

Mr. Harris: No, these are paintings the purchase of which has been initiated recently. I do not think they would have come before your committee last session.

Mr. Cameron (Nanaimo): At that time, when this matter came before the estimates committee, there was an attempt by some of the committee members to get some idea of the individual cost of the pictures. I do not think it was anybody's fault particularly that they could not get a very clear picture of it. The curator of the national gallery was not very well acquainted with the actual financial transactions, and as a consequence most of the members of the committee were, I think, left in doubt, as I was, as to the exact cost of that particular collection.

At that time I raised a question—not necessarily an objection but a question—as to the wisdom of devoting such large sums of money to the purchase of pictures from one particular school of painting of a very much earlier period. Whilst I recognize the necessity, if our gallery is really to assume the proportions of a representative art gallery, of having representatives of various schools of painting, I still thought that the fundamental purpose of our national gallery should be to establish, first of all, the world's outstanding collection of at least North American, if not of Canadian, paintings, and that we should be careful not to expend all

our funds on the collection of paintings that would constitute a selection very similar to those to be found in the other parts of the world.

I may say that when I raised that point in the estimates committee the Minister of Citizenship and Immigration listened to me with considerable sympathy, because, as he explained, I was speaking just the way his wife did almost every day on the matter. I think that we should perhaps question these purchases on some such basis as that. I agree, of course, that we have engaged art experts to make these purchases for us but, on the other hand, I think we should bear in mind the general social purpose of a national gallery, and I think that part of that social purpose is to put on display the various periods and developments of our own native painting, even though it might include some of the deplored abstract paintings that my hon. friend from Acadia mentioned just now. Whilst I also have great difficulty in comprehending abstract paintings when I see them, I am forced to the conclusion that there must be people of more discriminating taste than I who do find some satisfaction in them. I should think the gallery is not going to be complete in these days unless it does in its collection embody certain of these types of paintings.

I hope the minister, or possibly the Minister of Citizenship and Immigration when he comes with his main estimates, will be able to give us a more detailed account of the type of expenditure for which this money is being appropriated. Perhaps the Minister of Finance should tell us now, though, whether there is a certain level at which the national gallery seeks to leave funds at hand for the trustees to expend as they see fit. From the statements made last year, I rather gather there is some such item, but this appropriation this year seems to alter the picture in that regard.

Mr. Ellis: In connection with the commission paid on these paintings, I think the minister pointed out that it was five per cent on the first $400,000 and I believe it was four per cent on the balance. While not being familiar with the procedure in the buying of paintings, in a general sense it seems to me that the government and the national gallery, in making from time to time substantial purchases of paintings, could use some method whereby the taxpayers of Canada could be spared the inordinate amount of expense involved in commissions. If you are going to pay 5 per cent on the first $400,000, or the amount of $20,000, it seems to me that there are officials of the national gallery who should be able to negotiate purchases on behalf of the government at a great saving to the taxpayers.

There is one other matter with which I should like to deal. I should like the minister to inform the house just what percentage of paintings now owned by the national gallery are not on public view because of the lack of space and lack of facilities for showing them. It seems to me that I have heard many estimates of the numbers of paintings which are now stored away and which are inaccessible simply owing to the lack of sufficient space. If we are to be called upon to approve expenditures for the national gallery it seems to me that the government should be taking serious steps to make sure that when paintings are purchased, including all those which have been purchased in the past, they are made available at all times to the general public. There is not much point in having paintings if they are to be stored away down in the basement or in some place where they are not available to the citizens.

Then there is this other point which I think was raised by another hon. member. I think greater use should be made of the paintings in various parts of the country. While something has been done in this direction, I think perhaps more exhibitions in the principal centres throughout Canada would enable all Canada to get better value out of the money which we are appropriating at the present time.

Mr. Holowach: This item is for additional funds which are needed to finance the department because of acquiring further works of art. I am not objecting to the amount because if all of the facts were known I think the present government seems to be giving less recognition to the fine arts than is any other country in the world, including small countries. However, I am concerned about the veil of secrecy which seems to prevail in the matter of the purchase of these fine works of art. These paintings are being acquired by public funds for public enjoyment. I should like to know just what steps are being taken to protect the public, what process is being used in discovering the merits of certain valuations, and just what manner of protection is given to the public against fraudulent valuations. I do not think we have had enough information on that matter.

In the public accounts of Canada at page CC-24 the credit balance of the national gallery purchase account as of March 31, 1955 is in the amount of $425. That represents a decrease of $109,738.96 from the balance of $110,163.96 as of March 31, 1954. How many pieces of art were acquired during that time? I think the minister mentioned

that a commission was paid. I should just like to know why a direct approach was not made in the matter of these purchases. Had the government taken that direct approach I think there would have been a considerable saving.

Mr. Castleden: I am one of those who believe that our Canadian economy can afford a good living to the Canadian people and also supply us with some of the fine arts for the work of a good national gallery. I think it is a valuable asset to Canada. Apparently, from what has been said here, in some places we are not getting either. I think parliament should be concerned with what is to be obtained for that $885,000 or practically $1 million. I was reading over the committee report on the estimates last year. At that time when there was discussion about what the purchases would be, the item before the committee was for only some $130,000. On reading over the report it seemed to me that there were times when the committee was not given a satisfactory explanation as to the pictures which were being bought, the amounts which were being paid for them, the commissions that were being paid and the persons involved. I understand from the minister, however, that this $885,000 is for new purchases, or more recent purchases than the ones referred to in the estimates last year. If that is the case, I do not think parliament should pass these supplementary estimates until we have a statement in detail from the minister as to what these paintings are, how many paintings or pictures there are, who is receiving the commission for them and exactly what the item covers. In the estimates, as I see them here, there is certainly not sufficient explanation to cover that item. I should like to have a statement from the minister in that regard.

Mr. Harris: Mr. Chairman, I have been waiting to do that, of course, until all the other speeches were made. If there are any more, I shall have to wait further.

Mr. Trainor: I must confess that I know little about the procedure that is used in acquiring old masters. However, I should like to ask the minister just what the company or firm which got this $35,000 did to earn it? It is a considerable sum of money. One would wish to know just what services were given in return for this amount of money.

Mr. Harris: Mr. Chairman, in the art world I understand that there are agents comparable —if I may use such a mundane comparison —to real estate agents. But in this particular case it goes much further than that. Thomas Agnew and Sons Limited are an old and respected agency in London for the handling of paintings and art treasures. Their reputation is such that, when they sell a picture, it is something that they have handled it and certified it from the standpoint of authenticity. In addition to that, it is the practice in the trade to pay a commission to the agent of the vendor. I would rather hope that the hon. member for Oxford would withdraw his amendment for that reason. This matter could have been gone into in some detail during last year's session when this department was before the estimates committee. I do not know whether or not it was gone into. But on every occasion when we have purchased paintings from this collection we have paid the commission. That is traditional and customary. With that, however, we get the advantage I have mentioned, namely that this firm with its reputation at stake is involved in the transaction to the point where they would not, in all probability, seek to sell to the national gallery of Canada something that might be questionable in the future.

The commissions are, I admit, negotiable in the sense that you do negotiate the commission but there is a range within which the settlements are made. The figures I have given you are not out of place for a $850,000 sale. For that reason we are obliged to pay it. If the amendment is carried, aside from whatever result it might have here, you destroy the sale, of course, because it is part of the transaction that we have agreed to go through with.

Mr. Trainor: Am I correct in understanding the minister to say that this service that is supplied by the broker carries with it a guarantee that in the event of a picture turning out to be not authentic, the government might expect to be indemnified against loss?

Mr. Harris: No. I did not mean to go that far and I carefully avoided doing so. I did not mean to misrepresent the matter at all. We do not get a written guarantee. On the other hand, this firm is one of the most reputable in the art world in London, England; and when you deal with them, you get something by way of assurance that they would not under any circumstances handle a picture about which there was any doubt in their minds.

Mr. Nesbitt: Can the minister say whether the Prince of Liechtenstein paid any commission for selling these pictures?

Mr. Harris: That I do not know. I doubt it, but I do not know. I think this is the commission in the trade.

Mr. Ellis: Is the minister suggesting that no sales are made in the art world except through this middle man, the commission agent?

Mr. Harris: No, what I am saying is that the director of the art gallery can, of course, make purchases of art where he will. He may be able to buy from certain living painters without paying a commission, but in any substantial collection of recognized masterpieces, old masters, he will have to pay a commission to an agent.

Mr. Small: Is there any breakdown of the classes of pictures which have been purchased by the art gallery showing how many are old masters, how many are moderns and how many are of the abstract school?

Mr. Harris: I can answer that along with the questions that have been asked previously. At frequent intervals the national gallery publishes a current catalogue not only of purchases but of paintings and other kinds of art that have been lent to them for showing. There is a complete catalogue of the holdings of the gallery in the possession of the gallery but it is such a lengthy document I do not believe hon. members would want to have it printed at public expense. On the other hand, as I have said, there is a complete catalogue but we have not got room, as has been suggested here, to hang all these paintings at one time. However, that is not the purpose of a gallery. The purpose of a gallery is to provide showings from time to time of various kinds of art and various periods of art.

I can assure the hon. member for Acadia that there is no chamber of horrors. At least, I will put it this way, they are rather ancient compared with those about which he was thinking. There is one by Rubens, "The Entombment of Christ"; there is one by Simone Martini, called St. Catherine; there are two by Simeon Chardin, "The Governess" and "Returning from the Market". The first one is alleged to have been painted in 1615; the second was in 1320 and the last two were sometime in the eighteenth century. These are recognized works of art of some substance in the art world as well as in the financial world and they are being added to the collection in accordance with a policy which I think was begun four years ago when it became known that some of these paintings would be available.

I point out to hon. members that practically all the old masters are either in private hands or galleries in the United States or in Europe. You cannot buy them from national galleries. You can only buy this type of painting from a private owner and there are very few private owners left. The Prince's collection is by long odds the largest single collection of this kind of art which is available for purchase and that is why the national gallery is taking the opportunity to buy these paintings. Perhaps this will be the only opportunity. I admit there is a question of Canadian art entering into this. Hon. members will recall that for the three or four years after the end of the war we were voting $100,000 a year for the purchase of art. I think it was then raised to $130,000 and that is the level at which it has continued. But you simply could not buy anything of this standard with money of that kind. It is for that reason these are extraordinary arrangements arrived at from time to time and brought forward as supplementaries, just at the time when the negotiations have been completed.

The hon. member for Prince Albert quite properly stressed the part that the national gallery would play in sustaining Canadian art, in the sense not only of purchasing some of it from time to time but putting it on exhibition. But you must remember that we do that. Quite a considerable sum of money has been expended on Canadian art, but Canadian art does not cost $885,000 for four pictures. It may be worth that some day and I sincerely hope it will. But one should not compare the amount of money spent. One should remember that these are almost priceless assets to the national gallery and naturally you are going to pay a good deal to get them.

On the other hand, I fully subscribe to the theory that at all times the director and board of trustees ought to be conscious of their responsibility to Canadian artists and to the Canadian public, in seeing that those paintings which have merit are given attention and shown at the proper time. My hon. friend asked how many paintings we had in the cellar and not on public view. I must say I could not tell him but I will see if I can get it. I would point out that even if we had larger quarters the purpose of a gallery is not to have everything on exhibition at the one time.

Mr. Ellis: In the one place.

Mr. Harris: In the one place. On that point, there is a regular rotation of exhibitions in Canada. If the hon. member for Moose Jaw-Lake Centre feels that the citizens of Moose Jaw could provide certain fireproof arrangements and certain costs in connection with a travelling show, I am sure it would be arranged. Normally, these showings are made at the request of local galleries or art centres in Winnipeg, Regina and other places of that kind. But I am satisfied the board of trustees would be glad to fall in with any suggestion.

I just add this warning; there is a fairly high standard of fireproof building that is required or else these paintings will not be sent on tour.

Now, if I have forgotten any particular question asked, I am sorry but I shall be glad to answer. I do ask the hon. member for Oxford if he will reconsider his amendment in the light of what I have said. This is part of the transaction. While he may not agree with our having purchased this group of paintings from the Prince that we should go on and pay the commission, the fact of the matter is we will not be able to get the paintings unless we do. The director of the gallery, who is experienced in these matters and knows the customs of the trade throughout the world, says that this percentage of commission is not unreasonable; that it is about the average that is paid under these circumstances. I think that yesterday my hon. friend said that, while he had no way of knowing the real value of these paintings,—none of us have—he suggested we might consider one particular painting that is in the possession of the Prince, along with any other purchase we might make. I might say to him that the particular painting he mentioned was, in fact, considered along with the other paintings. It was decided to buy these four on the assumption that we were getting not only full value but a more representative group of paintings than if we concentrated a million dollars in the one particular painting he had in mind.

Mr. Nesbitt: In view of what the minister says, I am curious about one thing. The minister has just said that unless this amendment made to reduce this item by $35,000 is withdrawn, the whole deal will fall through. Just a few minutes ago I asked the minister if the Prince of Liechtenstein had paid a commission to this agent to sell the pictures. As I understand the transaction, the Canadian government has employed this firm of brokers, Messrs. Agnew, I believe, to carry on this deal for the Canadian government with the Prince of Liechtenstein. Now, it may be some unusual custom in the trade with which I am not familiar and I will be grateful if the minister will explain what it is, but I take it that the Agnew people are acting on behalf of the Canadian government in buying these pictures from the Prince of Liechtenstein. What I am getting at is this. If these pictures had been placed in the hands of Agnew and Company by the Prince of Liechtenstein for sale and they had the exclusive agency for selling them, I can understand the minister's argument; but since it is the reverse procedure I do not understand why the deal would necessarily fall through if the government merely discontinued the services of Agnew and Company. Apparently, the Prince of Liechtenstein did not place the pictures in the hands of Agnew and Company to be sold; rather, the government has employed the brokers to purchase the pictures from the Prince of Liechtenstein. Is that correct?

Mr. McIvor: Mr. Chairman, I congratulate the opposition on this amendment. It is the first time in a long period that the opposition has asked to reduce government spending. I should like to see a whole lot more spent on art, because there is so much to pull us down and so little to lift us up. If anybody wants to see beautiful pictures all he has to do is to go to the fourth floor on the Senate side. There he will see many beautiful pictures. The cheapest picture is valued at $50,000 by Senator Paterson. I congratulated the opposition on this amendment because it is the first time in a long time that I have heard them wanting to reduce government spending. I do not think it is wise.

Mr. Fraser (Peterborough): That is not so.

Mr. Fleming: The hon. member has a short memory.

Mr. Harris: Mr. Chairman, I understand the hon. member for Oxford is concerned with the principle of the matter, not that he would be unwilling to save $35,000 for the taxpayers of Canada, as I would be. I take it it is the principle involved that is bothering him a little bit; that is, whether or not Agnew and Company in London are the agents for the prince and, if so, did they receive a commission, or should we pay one to them? In the art world there is a certain faith and trust built up by people who deal in pictures. Agnew and Company have that respect not only with the vendor but with the purchaser. If the Prince of Liechtenstein says, as I take it he has said in the past, that these people will be relied on by him to negotiate arrangements with Canada for the purchase of these paintings, and, if we must go through them for that purpose as we have had to do over the last four or five years, and as the trade requires the payment to the agent in these circumstances, we have agreed to make payment. I suggest to him—

Mr. Fleming: Subject to the approval of parliament, surely?

Mr. Harris: Quite so. That is taken for granted so much on this side that it is not necessary to be said.

Mr. Fleming: The trouble is you take too much for granted.

Mr. Harris: If my hon. friend wishes to pursue the more minute details of the transaction with the Minister of Citizenship and Immigration on his estimates I am sure he will have the opportunity. Perhaps it would take a certain amount of time to do it; nevertheless we are not doing anything unusual here at all in any sense of the word.

Mr. Thatcher: Is this the final purchase from this particular collection, or is it the intention of the gallery to acquire more of those paintings later on? Will the minister say whether he does not think it might be wise for the government to state what its policy on spending is for each year?

Mr. Harris: I am sure the Minister of Citizenship and Immigration will deal with that on his main estimates. I want my hon. friend to understand what I have said. The information which came to us some four years ago was that this collection was available for purchase. That was the information on which we learned for the first time that one of the few remaining collections in private hands that could be acquired by the gallery was being made available. Under these circumstances it would be a matter of consideration as to how many of these paintings could be acquired or should be acquired by the gallery. My recollection is that this is the third purchase in the four years. No other commitments have been made. We are not obliged to buy anything else. If my hon. friend inquires of the minister he will give him a statement on the policy as to whether or not he would continue negotiations in the coming year. I do not really know myself.

Mr. Castleden: I asked a question as to how many pictures were involved in this amount of $885,000.

Mr. Harris: Four.

Mr. Castleden: Four pictures involving $885,000?

Mr. Harris: Right.

Mr. Knowles: Whatever happens to the amendment moved by the hon. member for Oxford, I hope the government will review its policy with respect to these commission payments, at least in so far as any future purchases are concerned. Frankly, I do not want to go any farther in commenting on that because I would prefer that any words of mine might be by way of support of the national gallery in its efforts to establish a collection worthy of this country. I want also to support the view expressed by my colleague, the hon. member for Selkirk, that there are some other needs of the people of this country that should be met. I do not feel that expenditure on art needs to interfere with the meeting of these other needs; but the fact that this item passes should not be taken to mean that the Minister of Finance or the Prime Minister can slough off the appeal that was made here today by the hon. member for Selkirk.

While I am on my feet I should like to say just a word about this question of abstract paintings. I confess that, like my friend, the hon. member for Acadia, and my colleague, the hon. member for Nanaimo, I find it difficult to understand these abstract works of art. At the same time I do not think that the only words spoken in the parliament of Canada today on this question should be words that might be interpreted as discouraging to modern Canadian artists. After all, I believe there are in the files of the director of the national art gallery letters written a number of years ago condemning the work of the group of seven. In their day their work was looked upon as hideous and monstrous; whereas today all of us value the Canadian landscape paintings of the group of seven very highly. It may be that our children and our grandchildren will understand the abstract painting that is being done today, and may even come to value it very highly. It seems to me that whether we can understand it or not we should try to do so, and we should not discourage modern Canadian artists who are experimenting in all the different fields of painting. As a matter of fact, they may be reflecting the times through which we are passing in a way that will be understood in the years that lie ahead. Some works of the past were once thought of as a bit horrible; let us hope we in our day can add to our heritage.

The other word I wish to say, Mr. Chairman, is this. I want to support what others have said about the desirability of the collections of the national gallery being taken on tour throughout Canada. I recognize the point made by the Minister of Finance and I have heard the director of the national gallery make it as well, that the value of the gallery's paintings is such that they cannot be set up in any tent anywhere in Canada. Proper fireproof buildings with other protection have to be made available. That is one of the reasons I hope the Prime Minister and the Minister of Finance will soon get together on the establishment of the Canada Council. I believe that the establishment of such a council would give encouragement to the arts throughout Canada and speed the day when it will be possible to take various collections from the national gallery on tour.

Mr. Nesbitt: Mr. Chairman, in view of what the minister has said I might be prepared to withdraw my motion, in view of the fact that I intend to pursue the matter much further when the estimates of the department come up. There is one thing I would like to know, possibly as a result of my making this motion. There has been considerable discussion of the matter in the house. I would like to ask the minister this question—I believe I asked it yesterday. I am given to understand that the director of the national gallery, Mr. Alan Jarvis, is most highly qualified. I received that information from those who are in a position to know. Why cannot arrangements be made to have Mr. Jarvis himself go out and try to make those transactions with the Prince of Liechtenstein and other such persons?

Mr. Harris: I will have that examined, of course, Mr. Chairman.

Mr. Fraser (Peterborough): I have just one question.

The Deputy Chairman: Just before the hon. member for Peterborough proceeds, I do not want to put words in the mouth of the hon. member for Oxford, but I do not understand whether or not the hon. member has asked leave to withdraw the amendment.

Mr. Nesbitt: Mr. Chairman, I will be prepared to withdraw the amendment in view of the fact that I intend to pursue this matter further on the main estimates.

The Deputy Chairman: Has the hon. member leave to withdraw the amendment?

Some hon. Members: Agreed.

The Deputy Chairman: Withdrawn.

Mr. Fraser (Peterborough): Mr. Chairman, I just want to ask one question. The minister mentioned that, if the amendment were put forward and carried, the deal would be off. Is it not true that Canada has already contracted for these pictures?

Mr. Harris: Well, Mr. Chairman, that is my point. We have agreed to buy at this price. If parliament refuses us the authority to do so I presume we would have to negotiate a new transaction and then ask for authority later. I was not suggesting this by way of threat at all and I hope hon. members will not take it that way.

Mr. Fraser (Peterborough): The pictures are already bought?

Mr. Harris: They are bought by agreement and will be coming to this country next month but they will not come if this item is not passed.

[Mr. Knowles.]

Mr. Leboe: At the risk of being laughed at, I want to ask the minister if it is possible that the national art gallery could receive paintings as a gift with the artist's card attached to the painting advertising his position. In this way we could perhaps get away from the expenditure of large amounts of the taxpayers' money.

Mr. Harris: The national gallery does, of course accept donations along this line but they do avoid advertising, as my hon. friend, I think, would understand they should.

Mr. MacLean: Mr. Chairman, I have just one comment to offer. It is not of a technical nature at all because I am not qualified to comment in a technical way as far as art is concerned. It seems to me that the old masters have acquired their value for two reasons and the value is made up of two factors: First, the true worth of the painting from an artistic point of view and, second, the value which is acquired merely because the article is extremely scarce. That is a factor of the value which is acquired by many rare objects such as old coins and old stamps and many things which have no artistic value at all. Their cost increases merely because they are in short supply or because there is only one example in existence. It would seem to me that we should not tend towards the idea that our national gallery is an agency for acquiring exclusively articles which are extremely rare. For my part I would be perfectly satisfied to have a picture by some artist of perhaps the same era or school who was much more productive in his time, and more examples of whose work exist, if the quality of the work is somewhat of the same order of that of a less productive contemporary of his although the painting itself may be less valuable from the monetary point of view. I think the artistic point of view should be the main factor considered in purchasing paintings.

Mr. Small: Mr. Chairman, in asking for a breakdown a moment ago, it was for the purpose of enabling hon. members to decide for themselves exactly what they were purchasing. The minister gave us that information. What I was trying to get at at the time was what would be the proportion that might be made up of abstract paintings.

As the hon. member for Winnipeg North Centre pointed out, the group of seven at the turn of the century were trying to develop in this country a style of painting that would depict the ruggedness of Canada and they developed it to an extent of which we are all proud. I do not know what artists are trying to depict in abstract painting. Perhaps it is nightmares in colour or colour frustration, or perhaps you could call it artistic

garbage. When the amendment was made to reduce the amount of the commission I was wholly in support of it because while we may have to pay a certain amount of money for artistic garbage I would strongly object to paying commission to secure it. I feel this way because I think you can get a load of that type of garbage any time you want it by going to a place where they are studying art and asking for it. They would give it to you, on your undertaking to take it away with you. I repeat that I would object to paying a commission on what is artistic garbage and colour riot gone rampant.

Mr. Holowach: I am certain that the department is exercising good judgment in the matter of selecting abstract paintings for the national gallery but I was just wondering if the minister would amplify his explanation as to why a direct approach was not made in the matter of purchasing paintings from the Prince of Liechtenstein. I would also like to ask what protection is being given to the public against fraudulent valuations of these paintings. I think there should be a panel of experts set up to advise in such matters because while the field of art is a noble one we know that unfortunately there are pretty smooth operators and "pitch" men operating in this field. I should like to know what protection is being given to the public.

Mr. Harris: I can only repeat my former explanation that the situation described by the hon. member is one reason why we retain a responsible agent, or do business through a responsible agent, one whose reputation in the art world is such that most people will feel they are not having anything of doubtful origin foisted upon them. In addition to that, the director of the national gallery, of course, has friends and acquaintances in the art world. I am quite satisfied that he will receive advice from the curators of other galleries as well as from other dealers. In fact, I am convinced that he would feel that would be a part of his responsibility to us. In addition to that, the board of trustees, while laymen, are nevertheless chosen because, as far as Canada is concerned, they have more than an average amount of experience and knowledge in this field. While I do not suggest their knowledge is equal to that of the director, it is a matter that can be used to weigh in the balance of good judgment.

I should add, in addition to that, that to my knowledge more than one of these directors had seen this collection before we purchased any of the paintings some three, four or five years ago. I can assure you that the director is quite knowledgeable in these matters and is conscious of his responsibility to parliament in asking parliament to vote this sum of money.

Mrs. Fairclough: Mr. Chairman, I wonder if the minister would answer a question on this point. I noticed that he used the word "retain" in relation to the agent, and then he changed it. Was that a slip of the tongue or does the department pay him a retainer?

Mr. Harris: No. I changed the word deliberately because I should not have used the word "retain".

Item agreed to.

DEPARTMENT OF FINANCE

Payments to municipalities—

554. Grants to municipalities in lieu of taxes on federal property—to provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations established by order in council of January 11, 1956, P.C. 1956-38, and to provide for payments to municipalities under order in council of October 6, 1954, P.C. 1954-1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required, including authority, notwithstanding section 7 of chapter 49 of the statutes of 1955 (an act to amend the Municipal Grants Act), for payment of grants under section 5 of the Municipal Grants Act to the municipalities of Midland and Welland, in the province of Ontario, and Ste. Foy, in the province of Quebec, $530,500.

Mr. Diefenbaker: Mr. Chairman, I would like to direct the minister's attention to some anomalies and unfairness in the administration under the Municipal Grants Act. I understand that representatives of various urban bodies in Canada, including the city of Toronto, my own city of Prince Albert and various others, recently communicated with either the Prime Minister or the Minister of Finance requesting a conference in order to place before the government the unfairness of the operation of the act.

Certainly as it now stands many cities and towns with government buildings, institutions, crown companies and the like, are receiving benefits from the municipalities in which they are located. It is far beyond anything in the nature of the contribution which they make to the taxation levies of the cities, towns or municipalities in which those public institutions are located.

When the Municipal Grants Act was passed in 1941, 4 per cent was the percentage which the total amount of government institutions and buildings assessment bore to the total assessment. That was the base upon which taxation was levied. As I remember, later on that was changed to 2 per cent which removed in part some of the injustice suffered

by municipalities through not being able to impose ordinary taxation on federal institutions. I realize the benefits that come and flow from having these public institutions located in a city, town or municipality in one's constituency, but it seems unfair that an extra load of taxation must be levied against the citizens of that municipality in order to meet the needs of supplying municipal conveniences and the like to those institutions.

With the government in business today to the extent that it is, there can be no possible reason why public corporations or public bodies should be subject to any less taxation than should any other institution which is subject to taxation within the municipality. I would ask the minister what consideration is being given to the changing of this act in order to meet the justifiable requests of municipalities across this country.

Each level of government today requires a field of taxation and the municipalities are placed in the position where they have these public institutions and yet are not able to impose that taxation which would be fair and reasonable in connection with the rate of taxation which is applicable to other institutions and public bodies within the municipality. There was a request, and it was a reasonable request, made to the government that it receive a delegation representing the municipalities of Canada in order that this whole question might be discussed and a new base arrived at. Why was that request refused or ignored?

Mr. Harris: I do not know that it was. If my hon. friend is asking for information, no such request has been refused. A request came from the city of Toronto while I was in Paris and the Prime Minister pointed out in his answer that I was in Paris and not available, and that with the Christmas season and the opening of parliament coming along it would be doubtful if a delegation could be received up until that time.

On the day before parliament met I met the mayor and members of the board of control of Toronto in Toronto and discussed this very matter with them.

Mr. Diefenbaker: That is not the information that I got from the association of municipalities.

Mr. Harris: That may be, but I can assure my hon. friend that that is exactly what happened.

Mr. Diefenbaker: The minister is referring to a meeting with representatives of Toronto, but there was a request from the representatives of municipalities in all parts of the country.

[Mr. Diefenbaker.]

Mr. Harris: The cabinet met with representatives of the mayors and reeves somewhere about the middle of February or the first week in February.

Mr. Diefenbaker: I have not my information before me at the moment, but the last complaint I received about the government not giving consideration to this was, I believe, around February 28.

Mr. Harris: We do not need to waste any time on this. We met a large delegation in room 497 headed by Mr. Stewart, the president of the association of reeves and mayors, who is now the mayor of Charlottetown.

Mr. Diefenbaker: The last word I got was around the last week of February complaining that there had been no meeting. The minister has said that he met with representatives of Toronto in Toronto after his return from Paris, and subsequently with other representatives in Ottawa. I should like to ask what decision the government has arrived at in connection with ameliorating legislation to relieve the municipalities from their present unjust responsibilities of adding to the taxation of people living within the municipalities in order to meet the need of supplying conveniences to the federal authority?

Mr. Harris: The answer is of course obvious, that we have not concluded our consideration of the request. When we do we will make an announcement as to the decision we reach.

Mr. Diefenbaker: Did the minister give any indication to the representatives he met that any amelioration was anticipated by legislation at the present session?

Mr. Harris: No. In the case of the city of Toronto I did ask them to communicate with the Department of Finance, which they have since done—they had not up to that time—for the purpose of coming to an understanding, if that were possible, about the assessments on the various properties in Toronto. That is as far as I went with them, and that has been done since. So far as the association is concerned, the promise was made at the end of the meeting with them that every one of the many things they had brought to our notice would receive careful consideration.

Mr. Diefenbaker: Is it the present plan of the government to deal with each of the municipalities on an individual basis in order to arrive at what would be regarded as an equitable assessment within the municipality, or is there going to be a general rule to apply across Canada?

Mr. Harris: My hon. friend does not understand what I meant about the city of Toronto. When we make a grant under the Municipal Grants Act we do so if the assessment on federal property is above a certain percentage of the total. In order to decide whether a grant is in order there must be an agreed figure as to both the general assessment and the assessment on federal buildings. That is what has been going on with respect to the properties in Toronto. If the time comes when there is no limitation, that is if the federal government should agree to pay on its properties, and not just on the excess over a certain percentage, I am quite satisfied that the federal government would have to continue its present practice of arriving at agreements with the municipalities as to assessment on its properties. My hon. friend asks if we will be dealing with each municipality, and to that extent we would.

Mr. Diefenbaker: I might just follow that one bit further. What was the suggestion by the representatives of the municipalities as a whole as to changes in or amendments to the Municipal Grants Act in order to meet their needs and remove the injustices claimed by them?

Mr. Harris: Their representation was that we should eliminate the present restrictions where we pay only on the excess over 2 per cent.

Mr. Diefenbaker: In other words, they asked that federal institutions be placed on the same level of taxation as everyone else within the municipalities without restriction?

Mr. Harris: That is not quite so, because only two provincial governments pay the full amount of taxation on their properties. While I do not want to interject this as an argument, to that extent my hon. friend would not be correct.

Mr. Diefenbaker: Would the minister say whether the representatives of the two provinces in question—and he might name them—were willing to accept a different basis of assessment from those from the other eight, or why he injected the reference to two provinces?

Mr. Harris: I injected it merely to correct the question my hon. friend asked, because I could not answer it with a yes or no. As I said before, only the two provinces are to pay taxes on the basis of full assessment.

Mr. Diefenbaker: Which are those two?

Mr. Harris: Ontario and Saskatchewan, I am told. If the other provinces do not pay on full assessment and if the federal government ultimately does, it would still not be correct at that time to say that all these people wanted was that the federal government should pay as everyone else does, because it would not be true in the other eight provinces if they did not change their present practices.

Mr. Jones: Could the minister inform the house how many municipalities now qualify for the grant?

Mr. Harris: Something over 100.

Mr. Jones: What percentage of the whole would that be? Ten per cent of all the municipalities in Canada?

Mr. Harris: I do not think my hon. friend wants that information. What he wants to know is the percentage of municipalities in which we have property on which we do not pay.

Mr. Jones: Yes.

Mr. Harris: I shall get that for you.

Mr. Starr: Under the Municipal Grants Act, there is a good deal of unfairness in the making of grants in lieu of taxes. Many municipalities are in the position where they just come under the wire of the 2 per cent of 75 per cent of the assessment and, therefore, they do not qualify for the federal grant in lieu of taxes on federal property and crown property located within their borders. In most cases these properties are in very expensive or highly assessed areas in the municipality. If some other type of business was instituted in that particular piece of property, the municipality would derive from that property a fairly substantial sum in tax money.

We all know that the municipalities are hard pressed in the field of education and in the services they must render to the municipal taxpayers. I feel that this restriction in the Municipal Grants Act is most unjust to the municipalities at the present time. I hope that the government will see its way clear to consider removing this basis of grants in lieu of taxes, so that each and every municipality which necessarily must have these funds at the present time has the opportunity of participating in the grants under this act in lieu of the taxes on the properties within their borders.

Item agreed to.

Special—

555. To provide for the expenses of a committee to review and advise upon certain technical questions relating to the administration of the sales and excise taxes, $20,000.

Mr. Fleming: May I ask a question on that item, Mr. Chairman? First, what are the total expenses of the Carter committee and, second,

is it intended to have copies of their report printed? The minister tabled the report in his budget address on Tuesday evening. I ask if copies are going to be made available to members of the house so that they may more intelligently discuss the matter in the course of the budget resolutions.

Mr. Harris: We had not come to any decision about that, but I shall look into it. This vote covers all the other costs. There will not be a further vote. This figure is an estimate of the total cost. It will not exceed $20,000.

Mr. Fleming: Is this the first one?

Mr. Harris: This is the first vote, yes.

Mr. Fraser (Peterborough): I should like to ask a question about this item. It states:

. . . a committee to review and advise upon certain technical questions . . .

Under the Excise Tax Act there is a tax on cartage charges. Supposing a firm manufactures a certain article which costs $100, and if it receives a rush order for a number of them and delivers them, they charge the firm to which they deliver, say, $2 for each delivery. There is sales tax on that delivery, the $100 cost plus the $2 delivery charge. However, if the firm that purchases the same goods pays the delivery charges, there is no tax. It works a hardship on the manufacturing firm, because in many cases of rush orders they have to use their own trucks to get them out, and they have to pay the $2 on them. I wonder if the minister has had cases like that brought to his attention and if he would take them into consideration and see whether something could be done to get away from that, because it has worked hardship. I have one firm especially in mind, which caters to the tourist trade. It had to pay substantial sums to the excise office this year.

Mr. Harris: It was just this very point, among others, that caused us to appoint this committee. It has made what I think is a very thorough study of the subject; so much so that, as hon. members remember, I was not prepared to make any recommendations, or very many, based on it, because we want more time to study it. This kind of complaint has been received, and we shall look into it.

Item agreed to.

556. To provide for the expenses of the royal commission on television and radio broadcasting, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $34,000.

Mr. Fleming: Mr. Chairman, this is an item of $34,000 to provide for the expenses of the royal commission on television and radio broadcasting. This is the royal commission the appointment of which was announced in December and whose sittings are to commence on April 30 next. The announcement that the government intended to appoint the royal commission—

Mr. McCann: May I correct the hon. gentleman? The board of inquiry has been sitting and has been studying briefs, but the sittings that will be open to the public commence at the time he mentioned.

Mr. Fleming: I am referring to the public hearings. The royal commission has had certain private meetings as is known and they have invited the submission of briefs. They have announced publicly that they are going to commence their sittings on the 30th of April. It was on July 26 last that the government made the announcement of its intention to set up a royal commission, and in making that announcement the Minister of National Revenue said, as recorded on page 6875 of *Hansard*:

I am prepared to announce, on behalf of the government, that there will be either a commission or a board of inquiry set up some time within the near future to study the whole situation.

The "whole situation" embraces a great many problems that have been raised and were keenly debated last session in regard to radio and television policy in Canada. I do not think it can be said, when the government waited from July until December even to announce the setting up of the royal commission, that it moved very quickly. Nor can it be suggested that the royal commission has moved very quickly in commencing its public hearings only on the 30th of April.

The matters that have been referred to the royal commission are matters of high—indeed, I should say sweeping—importance in this field, and my personal regret is that the commission was not set up at a much earlier date than it was and that it has not found it possible to launch its hearings at a sufficiently early date to hold out some hope that its report might be available soon. Especially do I express that regret in view of one of the uses that the government has made in this house of the appointment of this royal commission. As hon. members will recall, on March 14 the government gave the appointment of the royal commission as a reason why it would not agree to the establishment this year of a committee of this house to review any aspect of policy or administration on the part of the Canadian Broadcasting Corporation.

I have some observations to make in regard to this matter and also several associated

problems. So far as the attitude of the Canadian Broadcasting Corporation toward the royal commission is concerned, it seems to me that the corporation ought to avoid saying or doing anything that is going to inject it into the realm of high policy in this regard. It seems to me that the proper view that the corporation should take of its responsibilities in this matter is that it should not be an advocate of any course of policy but should be merely the public servant which will carry out the policy that is decided upon. When it makes its submission to the royal commission I think it should be prepared—as I am sure it will be—to give to the royal commission all the information it requires and seeks. But I urge that it is not the function of the Canadian Broadcasting Corporation to be the advocate of any particular line of policy, having regard to the fact that it is a body responsible to parliament.

I raise this question specifically because it has come to my attention that the chairman of the Canadian Broadcasting Corporation, in the course of an interview on the radio network, expressed some views that it seems to me could be interpreted—I do not say it was done deliberately for that purpose—in some quarters as calling upon organizations to rush forward and to make representations to the royal commission against any change in the present method of dealing with the licensing of broadcasting or television stations in Canada. I am the more concerned when I find that the text of the remarks made by Mr. Dunton in the course of the radio interview was published at the expense of the corporation—which means at the public expense—in the *C.B.C. Times* of March 11-17. This is the concluding paragraph. The question is this:

> . . . what about the matter of licences and regulations?

This question was put by Mr. Willis the interviewer. Mr. Dunton replied:

> On this point there certainly have been quite a lot of differences of opinion. First of all I would like to point out that the C.B.C. doesn't set down its own responsibilities and powers, nor does it set the scale and shape of the development of broadcasting in Canada. These are all set by the Canadian people through their parliament. It is not for us to say what law should be or try to plead that it should be one way or the other, especially when a royal commission has just been set up to study the whole matter of broadcasting in Canada.

Here let me interject this remark. That last statement of Mr. Dunton seems to me to be a perfectly correct statement of the position that the corporation ought to take in relation to matters of policy and the royal commission. But Mr. Dunton went on to add this:

> I would like to say this, though. The over-all broadcasting system that has grown up to serve Canada represents close and complex association of public and private enterprise, of commercial and public resources. Something is obviously needed to co-ordinate such a system under the difficult conditions set by the nature of Canada and under the various pulls and pressures coming from our great neighbouring country to the south. Where that responsibility for co-ordination should lie is for others to say. Indeed it is for the public and parliament to say if they do want the continuation of one over-all integrated system, or to split it into two or more different disintegrated systems, or to drop out one of the elements entirely and change the whole form of broadcasting in Canada. I think it would be too bad if, without people wanting it or realizing what was happening, the kind of integration we have was lost unconsciously through some change in the form of authority and responsibility, or if such a change led to duplication and confusion.

I think it would have been much more correct had Mr. Dunton paused where I paused this afternoon to offer my interjection. It is not the function of the Canadian Broadcasting Corporation, in a matter of this kind, where a royal commission has been appointed by the government with the full approval of parliament, to inquire into such questions as Mr. Dunton is there referring to. I do not think Mr. Dunton should undertake to be making statements with regard to that matter.

I mention the use that the government has made in one particular, at any rate, of the fact that this royal commission is sitting. It used that fact as the excuse or pretext for denying the house the opportunity of considering this question, as has been the practice in times past, by a select committee of the house. As several other features of administration on the part of the Canadian Broadcasting Corporation have been the subject of questions and, to a lesser extent, of answers, in the house at this session, I feel called upon to say a word about the responsibility of this house in relation to the Canadian Broadcasting Corporation.

The corporation has traditionally taken the position that it is responsible to parliament. Parliament is called upon to vote money. At almost every session we are called upon to vote money. We were warned by the Minister of Finance on Tuesday evening in his budget speech, that we shall be called upon to vote moneys for the support of the corporation. Parliament votes these moneys on the recommendation of the government. Indeed it has no right, no authority or power to vote moneys for the support of the Canadian Broadcasting Corporation without a recommendation by the governor in council. Under this system the government takes the responsibility of recommending and proposing to the house that sums be voted for the support of the corporation and its programs. The house therefore, it seems to me, has the right and duty to consider everything that

has a bearing on the administration of the corporation, including the use of public funds for programs.

Mr. Harris: Mr. Chairman—

The Chairman: Order. May I make this observation at the present point? We are dealing with item 556 of the supplementary estimates which provides for certain expenses of the royal commission on television and radio broadcasting. At the commencement of his remarks on this item the hon. member said that he had, as I recall his words, certain observations to make with regard to this matter and several associated matters. He has now been dealing for some minutes with a subject which he himself described as the relationship of parliament to the Canadian Broadcasting Corporation. I feel that, in the words of the hon. member himself, his observations at this time are not relevant to the item under consideration. Of course in committee of the whole we are bound by the strict relevancy rule.

Mr. Fleming: With respect, Mr. Chairman, may I say that I think you are overlooking the terms of reference of the royal commission under the order in council that set it up. Anything that appears in the terms of reference is, in my submission, open to proper discussion in this house in relation to the proposal of the government that $34,000 be set aside in the estimates for the expenses of the royal commission. Let me read to you the various subjects that are included in the terms of reference of the royal commission:

(a) the policies to be followed by the Canadian Broadcasting Corporation in its television broadcasting activities and the relation of such policies to the finances of the corporation;

(b) the measures necessary to provide an adequate proportion of Canadian programs for both public and private television broadcasting;

(c) the financial requirements of the corporation for television broadcasting and the relation of these to the extent, nature, standards and distribution of programs;

(d) the financial requirements of the corporation for sound broadcasting in the light of the development of television and the growth of population in new areas of Canada;

(e) the manner in which the finances for the television and sound broadcasting operations of the corporation should be provided and managed;

(f) the licensing and control of private television and sound broadcasting stations in the public interest; and

(g) such other related matters as the commissioners consider should be included in reporting properly upon those specified.

I am not going beyond any of these matters in what I have to say today, but in my respectful submission anything that has a bearing upon these terms of reference to the royal commission is a proper matter to be discussed today when the house is being asked to vote money for the purpose of this royal commission.

Mr. Harris: I appreciate that my friend would no doubt want to make remarks on all these points, but may I point out there is an item in the main estimates for this coming year covering a substantially larger part of the cost of this commission and it would be, I think, more to his satisfaction if he discussed these points on that item in the estimates for the coming year rather than on this which is, after all, just money we are asking parliament to vote for the cost up to date of this commission, and not for the purpose of discussing all the principles involved either in the order in council or the work of the commission. I am sure my hon. friend would want a more extended discussion on this point, not only by himself but by others in the house, which he could have on that item and which I doubt if there is time to have if we are to pass these supplementaries by tonight as I hope they will be.

Mr. Fleming: I hope I am always co-operative in a situation of this kind. I was not proposing to make extended remarks.

Mr. Harris: But others may follow your example.

Mr. Fleming: I am not overlooking that, but this arises from some remarks that have been made in recent days by some members in the house, notably the Prime Minister on March 14, when he introduced a note about censorship. I think this is the time for me to make these remarks and deal with this subject, because I feel that in putting that kind of interpretation upon questions that are being asked by members of the house about C.B.C. affairs, the Prime Minister drew a red herring across this matter. In my view, he failed to have due regard for the responsibility that parliament bears in this matter in relation to the voting of public money for Canadian Broadcasting Corporation purposes.

Now, I do not propose to be long, Mr. Chairman. The matter that gave rise to the question was a program—I am not going to refer to it at length—in which there was shown on television a film of the marriage of a T.V. performer and director. I asked certain questions as to this matter because it seemed to me that this is the place where questions of that kind should be asked.

The Chairman: Does the hon. member for Eglinton seriously contend that remarks with regard to a particular radio program are in order under this item of the supplementary

estimates? If he does so, I must say that I disagree with him most heartily.

Mr. Fleming: What we are dealing with now is not a matter of the T.V. program in question; it is a statement by the Prime Minister in relation to the raising of such questions in the house. It is a very much broader question than the basis on which you have put it. I was not going to say anything about a program, except to ask—

Mr. Knowles: On the point of order, Mr. Chairman, does not the type of question the hon. member is asking now relate to the administration of the Canadian Broadcasting Corporation, rather than to the functions of the Fowler commission?

The Chairman: I think the hon. member for Winnipeg North Centre has expressed in other terms what I was trying to express possibly in less apt terms. But I feel quite sure that the hon. member for Eglinton is not adhering to our rather general ideas of relevancy in trying to pursue a discussion such as he has undertaken.

Mr. Fleming: Let me, for the purpose of your ruling, make it quite clear to you what I am proposing to say, and then you can make your ruling accordingly.

The Chairman: I am not making any ruling. I have suggested, in as kindly terms as possible, to the hon. member for Eglinton that certain remarks he has already made, in my opinion, do not bear direct relevancy to this item. I am asking him to discuss the item which, after all, is an item in the supplementary estimates.

Mr. Fleming: What I wish to say is, in my submission, directly relevant to a request by the government to vote money for the purpose of meeting expenses of a royal commission which is directed by order in council to report upon and make recommendations as to the policies to be followed by the Canadian Broadcasting Corporation in its television broadcasting activities, and to relate such policies to the finances of the corporation. In my submission, what I wish to say is directly relevant to that issue.

Mr. Harris: No, the issue is much narrower than my hon. friend seems to think it is. The issue is, shall we vote this money to have a royal commission to do these things? What I think my hon. friend is going to say is something he has already criticized the chairman of the C.B.C. for saying in another place. He is going, I think, to try to say what the commission might do. Now, that is not the issue. The issue is, do we appoint one, and do we vote their money? The principle of having a commission he can debate, as I have suggested, at some length on the main estimates, but at this point what he thinks the duties of the commission might be, even in a direct way, by criticizing the present policies of the C.B.C., as I take it he intends to do, seems to be so far off the item—

Mr. Fleming: I may not have made myself very plain to the minister. Policy in regard to the various fields that lie now within the responsibility of the Canadian Broadcasting Corporation has been referred to a royal commission for review. In the very wide reference, I say commendably wide reference, to that royal commission are questions as to policy. There are questions as to the form of licence and control of private television and sound broadcasting stations; indeed, to many other matters to which my remarks are directly related. Now, if we are being asked to vote money for the purpose of having an inquiry made by a royal commission into these matters of policy, it seems to me, Mr. Chairman, quite relevant and proper that one should deal with the necessity of review of some of these matters by a royal commission, so long as the matters on which I ask the house to believe that inquiry on my part is directed fall within the scope of the reference to the royal commission.

Mr. Harris: On that, Mr. Chairman, may I point out that the hon. member for Winnipeg North Centre is completely right. If the hon. member for Eglinton is free to debate these things we could have a general debate on the C.B.C. on every form of its policy, such as you will have on the main estimates when they come before the house. In other words, on this vote, which is a strictly confined one, we may have a debate which will be repeated a second time on the main estimates, because if my hon. friend intends to use the order in council as authority for what he is going to say now it is so comprehensive he can say anything about the C.B.C. and so can every member of the committee.

Mr. Fleming: The fact that there is an opportunity later for discussion on the general estimates has no bearing on the question of whether remarks made today are in order.

Mr. Harris: No, I am not suggesting that. I am just suggesting we should not have two debates.

Mr. Fleming: The fact is that we have a matter that has freshly arisen and if the matter is of high importance, as in my humble view it is, I think this is the place and this is the time to clear up what I consider to be a very great misapprehension on the part of the

Prime Minister as to the function of parliament in relation to the voting of public funds for the support of the Canadian Broadcasting Corporation and its work.

Mr. Harris: May I say just one thing? There has been no complete agreement but it is my understanding that we were to complete these estimates tonight in order that the budget debate may continue tomorrow, and that we were to have a private members' day on Monday and the budget debate on Tuesday and Wednesday. If these estimates are not passed by tonight they cannot have royal assent by the end of the fiscal year.

Mr. Knowles: Louder.

Mr. Harris: If we do not pass these estimates tonight and report them I do not anticipate another opportunity, though we would have to make it, and I know it would upset a good many of the plans. If my hon. friend could make a speech without exciting others to make similar speeches, I think I would risk it, but I doubt it very much on this particular point.

Mr. Knowles: Similar, or dissimilar speeches?

Mr. Fleming: Mr. Chairman, I think I would have been through with my remarks by now if I had not been stopped in the first place.

Mr. Weir: Not a chance.

Mr. Harris: We will give you 10 minutes.

Mr. McCann: Do not forget you were the one who pressed for the inquiry in the radio committee last year.

Mr. Fleming: Yes, and I still do, and I will give the government my reasons now, if they are prepared to listen to them, as to why you ought to set up the royal commission.

Mr. McCann: We accepted the reasons.

Mr. Fleming: But not soon enough; you did not act on them soon enough. The Prime Minister dragged into the discussion the expression "censorship" as applied to questions that were asked in this house.

The Chairman: Order. May I make it quite clear that remarks with regard to these questions concern the proceedings in the House of Commons, and I feel on entirely sound ground when I say that is not relevant to the appointment of this royal commission. I do ask for the co-operation of the hon. member.

Mr. Fleming: Mr. Chairman, to make it quite clear, this is my speech. That is the line I seek to follow. If you are going to rule that matters that in my submission are relevant to the subjects that have been referred to the royal commission cannot be discussed here now, then I am precluded from proceeding because my remarks today were directed—and let me make it quite clear—to things that have been said in the house in recent days. That is the subject of my intended remarks today. If the ruling of the Chair is going to be that those matters cannot be discussed, even though they relate so directly to matters that lie clearly within the scope of the reference to the royal commission, then in effect I am precluded from proceeding. With that explanation, Mr. Chairman, I think I had better await your decision because I wish to make it quite clear that the remarks I intended to make were prepared as an examination of the conceptions that lie behind some of the statements and remarks of the government, particularly of the Prime Minister, in recent days when questions pertaining to the Canadian Broadcasting Corporation were raised in the house.

Now, that is what I propose to follow, Mr. Chairman, unless I am precluded by your ruling. Perhaps I had better ask you.

The Chairman: I ruled that the remarks which the hon. member for Eglinton had made prior to my rising previously were not relevant to this discussion. Now, I cannot be asked to assess in advance the relevancy or irrelevancy of any remarks which the hon. member proposes to make. That is entirely beyond my functions.

Mr. Fleming: Then, Mr. Chairman, I shall just have to proceed and you will have to make your ruling accordingly. Your ruling will be respected, of course. On March 14, when asked a question about the government view in regard to—

Mr. St. Laurent (Quebec East): My personal view.

Mr. Fleming: All right, the Prime Minister's view, without designating the difference between his view as an individual and his view as the head of the government. When the Prime Minister was asked a question about the use of time on a program and about the expenditure of public money for the purpose of having a marriage of two persons shown, the Prime Minister—

The Chairman: Order; may I make it quite clear that I rule without hesitation that this part of the hon. member's remarks is entirely out of order on this item.

Mr. Fleming: Then I will try this next tack. The Prime Minister brought in the word

"censorship" which I think was a gross irrelevancy in dealing with this question. When asked about it in the house—

The Chairman: Order. I also rule that these remarks are entirely without relevancy on this item, and I must ask the hon. member to refrain from further irrelevancy.

Mr. Fleming: If you are going to rule out references to this subject that I have just now mentioned, then I am precluded from proceeding. I say this in conclusion. More will be heard of this subject. The need of a careful review of policies by the royal commission, within the terms of the scope of reference to it under the order in council, is greater today than it was before. We have, as related to the matter of policy in regard to the licensing of television stations in Canada, increasing reason for a review of that subject by the royal commission. It is an urgent matter, and a serious view of the urgency of the matter is being taken in many parts of the country today.

The Manitoba legislature has recently expressed itself on the subject. Recently, a resolution was passed in the legislature of Manitoba to the following effect. I am here dealing, Mr. Chairman, with this policy of local monopoly in television which the government has consistently followed and has imposed on the Canadian Broadcasting Corporation.

Mr. Goode: On a point of order, Mr. Chairman, I say with all respect that I have agreed with some of the views of the hon. member for Eglinton in other places; but he is taking me entirely unprepared in this matter. He is not speaking to the rules, and I am not prepared to discuss this matter except within the rules. I think he should wait until the appropriate time.

Mr. Fleming: Sir, the resolution reads as follows. I remind you that this was passed by the legislative assembly of the province of Manitoba.

The Chairman: Order. Of course, it gives me no pleasure to be rising continually, but I feel sure that the hon. member for Eglinton must realize my feelings in respect to this particular item by reason of the fact that I have been obliged to rise so often. Now, I may be entirely wrong, but it seems to me that on a resolution of this kind we are considering one point and one point only, namely the advisability or the inadvisability of paying $34,000 to provide for the expenses of a certain royal commission. Surely, we can confine our remarks to this question. Surely, there is sufficient scope in this question to allow the hon. member to make a speech. I am afraid I cannot allow him, on this very confined item in the supplementary estimates, to open up the whole subject of radio and television broadcasting in Canada.

Mr. Fleming: Mr. Chairman, I am simply giving some recent reasons for supporting the appropriation of money for the purposes of the royal commission, and underlining the importance of the reference to that commission and the urgency of its proceeding with its work and making its report to the house.

The resolution of the legislature of Manitoba, to which I was making reference, was passed in that legislature on March 6 by a vote of 47 to 5. The resolution reads as follows:

> Whereas Manitoba citizens have a wide choice of radio stations, and whereas there has been a demand—

The Chairman: Order. Have I not sufficiently indicated to the hon. member that I really cannot see the relevancy of this type of discussion? For a few minutes, the hon. member was kind enough to co-operate with me and address his remarks directly to the question of the royal commission. May I express the hope that he will continue in the vein which I feel is relevant to this resolution.

Mr. Fleming: Well, Mr. Chairman, I cannot go on discussing your ruling. I am seeking to give you some very good reasons—

Mr. Harris: You have done very well.

Mr. Fleming:—why this royal commission should be encouraged in its work, why money should be placed at its disposal for the purpose of carrying out that inquiry, why that inquiry ought to be complete and comprehensive, and why, in the light of recent events, the inquiry becomes more urgent and why the need for a comprehensive report is now greater than ever before.

One of the matters referred to the royal commission is the present policy in regard to licensing for television purposes. That is an outworn policy of monopoly, a policy which badly needs to be recast and reviewed. If I were given the opportunity today I could cite many reasons why that policy needs to be changed and reversed. There are many people in this country who are becoming more vocal on the subject and who dislike very much the idea of monopoly in reference to so important a form of communication.

I regret, Mr. Chairman, that the view has not been taken on this item, where we are asked to vote money for the purpose of conducting such an inquiry, that matters which are included within the scope of the inquiry, clearly within the terms of the order in council, should also be discussed in this house at this time, particularly in the light

of what I consider to be misleading remarks made by the Prime Minister in recent days.

Mr. Knowles: I do not intend, Mr. Chairman, to argue with the hon. member for Eglinton with respect to the statements he made when you ruled that he was out of order. I would be out of order, too, if I did so. However, there was an earlier part of his speech when I believe he was in order, and it is with regard to something he said at that time that I should like to make a brief comment.

If I understood the hon. member for Eglinton correctly, he took exception to the Canadian Broadcasting Corporation, through its chairman, Mr. Dunton, making certain representations to the Fowler commission.

Mr. Fleming: Policy.

Mr. McCann: He has not made them yet.

Mr. Fleming: Public statements.

Mr. McCann: This was an interview.

Mr. Knowles: The hon. member for Eglinton objects to the chairman of the Canadian Broadcasting Corporation making public statements of policy.

Mr. McCann: He is doing it himself.

Mr. Knowles: Which, as the minister says, the hon. member for Eglinton is doing himself.

Mr. Fleming: I am not the Canadian Broadcasting Corporation. I happen to be a member of parliament.

Mr. Knowles: My hon. friend may not be the Canadian Broadcasting Corporation but he does a fair amount of broadcasting.

Mr. Fleming: It is an agency responsible to parliament.

Mr. Knowles: That is exactly the point I rise to make. The Canadian Broadcasting Corporation is an agency responsible to parliament. It is parliament's instrument in the broadcasting field; and far from it being suggested that that corporation should not make suggestions to the Fowler commission, I believe the Canadian Broadcasting Corporation has a duty to make recommendations and to appear before the Fowler commission, just as I believe it is the right and the duty of the Canadian Association of Radio and Television Broadcasters to make its representations.

Mr. McCann: Surely.

Mr. Knowles: I did not hear any complaint from the hon. member for Eglinton today over statements of policy being made by private radio and television stations. I do not complain, either; they should appear.

[Mr. Fleming.]

But it seems to me that if we are going to have an objective survey of this matter by the commission that has been appointed by the government, and for which we are now voting money, that commission should hear all views on the question; and since the chosen instrument of parliament in this field is the Canadian Broadcasting Corporation I hope the Canadian Broadcasting Corporation will appear and make the best possible case it can before that commission.

Mr. Fleming: Mr. Chairman, I am afraid the hon. member has completely misapprehended what I said. Of course the Canadian Broadcasting Corporation will appear before that commission; of course it will be called upon to submit briefs. What I said was that the corporation within its proper role should not appear in the role of advocate, and that is the position which it seems to me Mr. Dunton was coming very close to taking in questions of policy. The corporation is an agency created by parliament for a particular purpose, and if it is to carry out such policies as parliament lays down it is not the function of the corporation or its principal officers, its extremely competent officers, to take the role of advocate in regard to matters of policy.

Mr. Knowles: May I ask the hon. member a question? Would he contend that the Canadian association of radio and television broadcasters, which is concerned and involved in this subject, should be denied the right to appear before the Fowler commission?

Mr. Fleming: This is a free country. Any person in Canada can make his submissions on a question of policy; but when you come to a parliamentary agency, an agency created by parliament to carry out such policies as parliament decides, I say again that it is not the function of that parliamentary agency to take sides in regard to policy and to be an advocate.

Mr. McCann: I just want to say a word or two, Mr. Chairman, and I shall be very brief. I think the remarks of the hon. member for Eglinton come with very bad taste at this particular time.

Mr. Knowles: That is a good choice of words.

Mr. McCann: The hon. member has quoted from the *C.B.C. Times,* the issue of March 11 to 17, and in the *Times,* with regard to C.B.C. policy, it says:

About C.B.C. Policy—
The chairman of the C.B.C. board of governors, Davidson Dunton, interviewed by J. Frank Willis—as broadcast on C.B.C. trans-Canada.

That was an interview which was given as a broadcast, by a gentleman who was not connected in any way with the board of inquiry. It may well be that the board of inquiry will never see that, but the board does read the remarks in *Hansard* of the hon. gentleman who was attempting to use this forum to put before the board of inquiry his opinions and those of his party rather than going before the board of inquiry to do so.

Mr. Fleming: What the minister is doing, of course, is violating the rules by ascribing motives. When I speak in the house I speak for the hearing of the house and of those who wish to concern themselves with what goes on in the house. The minister is violating the rules of the house in saying that I am speaking here today for the purpose of having my remarks influence the minds of the members of the royal commission. The minister's remarks do not have the slightest foundation in fact. They are fiction, and I wish them to be withdrawn.

Mr. McCann: All I ask the hon. gentleman is whether or not he will appear before the board of inquiry himself and make the same remarks he has been making here. I can say for the information of the house that the C.B.C. board of governors have their brief prepared after many weeks of study, and at the first opportunity, as soon as public meetings are held, they intend to present it to the board of inquiry.

Mr. Knowles: Hear, hear.

Mr. McCann: I might say that I think we have satisfied the hon. member for Eglinton, if he can ever be satisfied, by paying attention to the pressure and criticisms he put forward concerning the suggestion that was made in the Massey report that these matters should be brought before a board of inquiry at the end of three years. We have lived up to the letter of the recommendation in that respect; and while some time did elapse between the end of the session and the appointment of the board, it is not the easiest thing in the world to get public men to take on these special inquiries and obligations.

I can say that it was with some difficulty that we did get the type of people we thought would be satisfactory to the Canadian people to make the inquiry which they have undertaken. There is an outstanding gentleman in business life, one in banking life and another who has held prominent public office. Their staff has been set up, preliminary work is being done, briefs are coming in from all over the country which are being read and studied, and the public inquiry will start at the end of next month. The hon. gentleman or anyone else will have an opportunity of going before this board and making either complaints or suggestions.

I have no doubt in my mind that this was well thought out, that on this particular appropriation there would be an opportunity to present to the Canadian people and to the board of inquiry just the very thing you condemned the chairman of the board of governors, Mr. Dunton, for doing, not at a public inquiry but during a radio broadcast.

Mr. Fleming: Is this not interesting? This is just a sample of the sort of thing I proposed to discuss this afternoon and was prevented from doing. The minister has chosen to equate the position of the chairman of the Canadian Broadcasting Corporation, the highly respected Mr. Dunton, with the position of a member of parliament discharging his responsibilities in the House of Commons in relation to the voting of public money.

Mr. McCann: I have not the slightest objection at the right time to my hon. friend criticizing the Canadian Broadcasting Corporation for weeks on end, if he can find words enough—and he has a pretty good vocabulary—but he will have the opportunity of doing that when the estimates of that board come up. It is true that we have denied his request for a public inquiry like the radio committee that we have had in other years, but I suggest that it would be in bad taste for the government to consent to setting up a radio committee this year when the board of inquiry is undertaking the particular large assignment that they have.

Mr. Fleming: In the meantime the government does everything to preclude proper discussion in the house. Talk about censorship; it is the government that is seeking to impose censorship, both on the house and on the corporation, as on the Ferns and Ostry book program.

Mr. McCann: At this time I have no more to say.

Mr. Fleming: May I ask the minister if he has seen the brief prepared by the Canadian Broadcasting Corporation for submission to the royal commission?

Mr. McCann: The answer is positively and emphatically no.

Mr. Fleming: Is the minister in a position to make any comment on the position I sought to take earlier in regard to what I conceive to be the proper role of the corporation, that it should not be appearing as an advocate? I am sure that it will be helpful

in most particulars to the royal commission, but we are dealing now with the question of whether it is within the proper function of the Canadian Broadcasting Corporation, whether it is a proper expenditure of moneys made available by parliament, to be appearing in the role of advocate in regard to questions of policy as applied to the basis of licensing for television or radio purposes.

Mr. McCann: May I ask my hon. friend if he has seen the brief?

Mr. Fleming: What brief?

Mr. McCann: The brief which the C.B.C. intends to present?

Mr. Fleming: No.

Mr. McCann: Then how can my hon. friend figure that they are going to appear in the role of advocate?

Some hon. Members: Oh, oh.

Mr. Fleming: The loud laughter over there speaks vacant minds. I did not say that the Canadian Broadcasting Corporation was going to appear in the role of advocate. What I did point out to the minister a few moments ago, as he would have known if he had been following what I was saying, was that the Canadian Broadcasting Corporation has no right to appear in the role of advocate in that regard. I pointed out what I considered to be a trespass on proper functions by the chairman of the corporation in expressing those views which I quoted from his script on that trans-Canada network broadcast. The matter was not left there; the corporation went on to use funds voted to it by parliament to have his remarks printed and distributed widely through the *C.B.C. Times*.

Mr. McCann: In an attempt to keep the public informed.

Mr. Fleming: The public informed, yes. It is all right to keep the public—

The Deputy Chairman: If the hon. member for Eglinton will bear with me for a moment, in view of the last remark of the minister I would submit to the hon. member for Eglinton and to the committee of supply that the question before this committee at the moment is whether we shall vote $34,000 for the expenses of the royal commission. Perhaps by our answer to that we decide whether or not there shall be a royal commission on radio and television.

I suggest to hon. members of the committee that we have that question to decide. We have not to decide at the moment matters which will come before that royal commission, neither have we to decide under this special item whether or not the president or other officers of the Canadian Broadcasting Corporation have been guilty of actions in their official capacities which they should not have committed. I think such criticism is perfectly in place in this parliament, but I do not think it is in place on this particular item, which boils down to whether or not we are going to set up a royal commission on broadcasting.

I do not think that any of us occupying the chair would wish to make it impossible for hon. members to criticize the actions of any official of the Canadian Broadcasting Corporation, but I am afraid I cannot see where that criticism is in order on a special item to set up a royal commission and which does not deal with salaries or expenses of the Canadian Broadcasting Corporation as such. This item deals with the setting up of a royal commission which will deal not only with the Canadian Broadcasting Corporation but with all aspects of broadcasting.

Mr. Fleming: Without reviewing the matter that involved some discussion earlier of questions of procedure, I submit that appropriations for the expenses of this royal commission cannot be considered adequately apart from the reference to it under the terms of the order in council passed last December, and which were made a matter of record earlier. The remarks that have been made were related to the specific subjects that have been referred to the royal commission under the terms of that order in council. However, I do not propose to prolong the matter.

The minister has failed to grasp the point I have been trying to make in regard to the proper function and role of the corporation. No one is going to question the right of the corporation to make submissions or to give information within its experience to the royal commission. I am quite sure that the royal commission will require that if they are going to proceed effectively with their work. I am sure it is to be encouraged.

What I am dealing with is advocacy in relation to policy. Policy is for parliament. This royal commission has been asked to make recommendations on policy. The point I have tried to make clear today, and which did not register with the minister or with the hon. member for Winnipeg North Centre, was that in relation to policy it is not the function of the Canadian Broadcasting Corporation to be an advocate.

Mr. McCann: Certainly you will agree that in order to get the background they will have to be consulted.

Mr. Fleming: For factual information, yes. That is a different matter from being an

advocate. It will be remembered that some years ago the then chairman of the wartime prices and trade board went on the air in a series of speeches and made an extensive review of some things which brought him to a declaration in regard to policy. There was strong criticism in this house of that official of a government board undertaking to make declarations and statements in regard to government policy. That is the function of the government which is responsible to parliament. It is not the function of the head of any board, whether it be a board set up under a department and responsible to the minister of the department or a board directly responsible to parliament, to go out and declare policy. Nor is it his function to go out and advocate policy, or in this case to advocate any particular form or method of licensing in reference to radio and television.

I hope I have made that point clear. I do so with the utmost good will to the Canadian Broadcasting Corporation and to its officials. No one in this house has given more steady recognition of the value of those officials and of their competence to do the tasks that are assigned to them than I have. It becomes the duty of members of this house—and I would hope the duty of all members of this house—where any official of any such board goes beyond the proper function of that board, to rise in the house at the earliest opportunity and express their views. That is what parliament is for, as I understand it; and if we do less than that we are failing in our duty and in our responsibility; for here, apart from other questions, we are dealing with the use made of the public's money.

Mr. Knowles: I have just a very few more words to say. I think I have made our position clear. The hon. member for Eglinton is perfectly right when he says that policy in these matters is decided by the government. He is also right when he says that the Fowler commission will be expected in its report to recommend policies. Whether or not those policies will be carried out will be up to the government.

But I ask the hon. member for Eglinton to consider the position he is suggesting. He says he is quite willing that the Canadian Broadcasting Corporation appear before the Fowler commission, along with all the other bodies and individuals that may appear. So far as the rest of the bodies that appear are concerned, they can state facts, they can give information and they can be advocates, but he suggests that the Canadian Broadcasting Corporation, which is the instrument of this parliament, should refrain from any advocacy.

Mr. Fleming: In relation to policy.

Mr. Knowles: All right, in relation to policy. The hon. member is free to go back over my statement and amend it so the word "advocacy" would be changed to "advocacy of policy". But he wants to tie the hands of the Canadian Broadcasting Corporation, which is parliament's instrument, in a way in which he would not tie the hands of the Canadian Association of Radio and Television Broadcasters.

There is one other question I should like to ask the minister. Can he say whether this commission of inquiry will ascertain from the C.B.C. where it got the photograph of the hon. member for Eglinton that it sometimes flashes on the television screen when he is referred to in the news? Was it chosen with good taste?

Mr. McCann: I doubt the propriety or the good taste, and I shall recommend to them—

The Deputy Chairman: I have to point out to the committee that the only place where the hon. member for Winnipeg North Centre might properly ask that question would be before the royal commission, certainly not under this item.

Mr. Fleming: Seeing that my name has been raised, I wish to say that I have never yet seen my picture on television.

Mr. McCann: You probably would not know yourself.

Mr. Knowles: What a shock the hon. member will get when he sees it.

Mr. Fleming: I have been told by a number of friends who have seen it that they did not think it was a very good picture.

An hon. Member: They should get a new one.

Mr. Fleming: That might be a very good idea, and perhaps my hon. friend might be good enough to pass that on to the corporation.

Mr. Weir: They should pass the hat.

Mr. Fleming: Of course the photographer had to work within the limits of his material, I have to recognize that.

May I ask the Minister of Finance a question? The item refers to:

> . . . honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission.

Is it intended that honoraria or allowances —I am not talking of travelling expenses, but honoraria or allowances for services rendered—be paid in addition to civil service

salary, or is this simply to recompense individuals who are loaned to the royal commission and therefore are on leave of absence without pay from the civil service?

Mr. Harris: The intention is to pay, for those members of the civil service who are on loan, terminable allowances because of the extra work in which they will be involved during the pressure of the work of the commission.

Mr. Fleming: This is for overtime work?

Mr. Harris: Yes.

Mr. Fleming: Is there any rule followed in these matters?

Mr. Harris: It often happens in committees and commissions of inquiry, that they require the assistance of civil servants, and treasury board has a standard practice of granting additional allowances, though it is related in some manner to their normal salaries. I could not give the formula, but there is a standard practice.

Item agreed to.

557. To authorize the expenditure for international relief purposes, or other relief purposes authorized by the governor in council, of the unexpended portion of the grant made by the government of Canada to the Canadian national European flood relief fund by vote 572 of the Appropriation Act No. 2, 1953, $1.

Mr. Knowles: Would the minister explain this item? I am not asking for a lecture on the purpose of a $1 item. We know what that involves. But I should like to know whether this has any relation to the suffering in Europe resulting from this winter's storms?

Mr. Harris: This is a legalistic item arising out of the fact that of the million dollar vote which parliament passed in favour of the Canadian Red Cross three years ago, I believe, in connection with relief in the United Kingdom, Holland and Denmark for flood victims, about half was spent. About half a million dollars is outstanding to the Canadian Red Cross at the moment. The question arises as to whether the money was in fact returnable to the consolidated revenue fund, since it had not been used for that particular purpose at that time. The reason for this vote, then, is to ensure in the hands of the Canadian Red Cross that amount of $506,000, so they may use it for other European relief purposes similar, or somewhat similar, to the original purpose of the vote.

Mr. Knowles: Does the minister know whether it is the intention to make use of any of it at the present time?

Mr. Harris: No, I do not. There has been a good deal of thought given over the past six or eight months as to whether this should be the way to deal with it. I am not sure of the actual plans of the Red Cross but I am quite sure it will continue to expend the money for the type of relief for which the original sum was voted.

Mr. Knowles: May I ask whether the government has considered giving the Red Cross any additional money because of the needs at the present time?

Mr. Harris: No, we have not at the moment.

Item agreed to.

DEPARTMENT OF FISHERIES

Field services—

558. To provide for the destruction of harbour and gray seals—further amount required, $3,000.

Mr. Brooks: I just want to ask the minister a question regarding this item. I assume this is for the protection of the salmon fisheries?

Mr. Harris: That is correct.

Mr. Brooks: There has been considerable complaint that the provision made for protecting the fisheries against the gray seals has been rather ineffective in the Atlantic region. To indicate the great loss that has been caused in the Atlantic salmon fisheries, I would cite the following figures. In 1954 there was produced 1,100,000 pounds; in 1955 this was reduced to 474,000 pounds. In Newfoundland and Labrador in 1954 it was 2,400,000 pounds; in 1955 it was 1,600,000 pounds. The people in the Atlantic provinces are becoming very much concerned with reference to their salmon fisheries, and it seems to me that this amount—I believe $35,000 was voted last year—is very small for this particular purpose.

It is also stated in some pamphlets I have received that each of these seals destroys something like 15,000 pounds of salmon in Northumberland straits and around the coast of New Brunswick. It is also stated, I think, that the method used to destroy the seals is not effective, and that the boats do not get near where the seals are and are not destroying them at the rate at which they should be destroyed.

I would suggest that this amount should be increased for this purpose. I realize that it cannot be increased in these supplementary estimates, but I thought this might be an appropriate time to bring up the matter, with the hope that there would be some increase in the amount of money that is used for destroying those seals, which are one of the chief reasons the Atlantic salmon fisheries are being depleted at the present time.

The minister has not answered my question. I wanted to know whether this money was being used in the Atlantic provinces principally for the destruction of seals, or where it was being used.

Mr. Harris: I must apologize to my hon. friend. This is used both in the Atlantic and Pacific areas. During the current year the $35,000 has run to an almost even $17,000 in the Atlantic-Newfoundland area and $18,000 in the Pacific area. The $3,000 is going to be spent in about the same proportions. As to increasing the vote, of course the bounty is paid on the number of seals that are killed at $10 an adult and $5 a pup. Presumably if more seals were killed we would pay a larger bounty and would vote a larger sum.

Mr. Brooks: Is the money used entirely for bounty, or is it used also for destroying the seals?

Mr. Harris: No. It is a bounty paid to those who kill the seals.

Item agreed to.

560. Amount required to recoup the fisheries prices support account to cover a payment that was made to the government of Newfoundland in the present fiscal year with respect to the 1953 production of salted codfish, $646,984.

Mr. Barnett: I have one or two questions I should like to ask the minister on this item. I notice that it is to cover a payment with respect to the 1953 production of salted codfish. We are now almost at the end of the estimates for the fiscal year 1955-56. Because of the sequence under which this payment is made, it is a little bit difficult to keep abreast of the operations of the fisheries prices support board in this connection. I wonder whether the minister has any information which he could give the house at this time as to how many pounds of codfish are covered by this payment, what the average price per pound under it would be, and how much the payment of this sum would increase the average price per pound received by the fishermen in the province of Newfoundland.

Mr. Harris: This is an additional payment through the fisheries support board of 1 cent per pound for codfish. The reason it is only coming before us at this late date is that the government did not decide until some time in March of 1954 to make this additional payment on the 1953 catch. After the decision was made, however, it appeared that the government of Newfoundland chose to make a payment of $1.50 a quintal, which was slightly more than the amount of our vote, and it was agreed among the fishing trade and the two governments concerned that we should make our payment to the government of Newfoundland, since they had made a larger payment. The delay has been in accounting as between the two governments. That accounting is now completed, and we are now prepared to pay it.

Item agreed to.

DEPARTMENT OF JUSTICE

561. Departmental administration—further amount required, $16,000.

Mr. Diefenbaker: Would the minister explain what are the extra items that make up this amount?

Mr. Harris: Yes, Mr. Chairman. The principal item is an amount of $14,000 paid to Mr. Rivard who was counsel some years ago in connection with a government matter. His account was not submitted until the end of last year, and it has just been taxed at $10,000. The balance of the payment is for reporters' fees in connection with the corps of commissionaires and $2,000 for additional expenses for office stationery, supplies and equipment.

Mr. Diefenbaker: Even for a philanthropic profession like the legal profession, Mr. Chairman, it is somewhat unusual to delay for a long time the rendering of a bill. Who is this gentleman who failed for so long to render so large a bill? Would the minister say who this gentleman is?

Mr. Harris: I said that it was Mr. Rivard.

Item agreed to.

LEGISLATION

House of Commons—

562. General administration—estimates of the Clerk—further amount required, $65,000.

Mr. Diefenbaker: For what is the further amount required? I cannot get the details from an examination of page 14. It seems to me to be a large amount.

Mr. Harris: The increase is due to the fact that in making up the estimates a year ago last December, I tried to get them down to the very minimum. At that time we did not perhaps take into full account the possibility that parliament might run until almost the end of July. There were additional costs for that period of time both for the maintenance of the House of Commons and for printing as well. That is the reason for the further amount required.

Mr. Diefenbaker: Would the minister say what it costs to publish the debates? What is the total cost? This is an extra amount of $65,000. What is the total amount?

Mr. Harris: The main vote was $1,369,000.

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Surveys and mapping branch—

Canadian hydrographic service—

563. Construction or acquisition of buildings, works, land and equipment—further amount required, $850,000.

Mr. Barnett: From the statement in the details I gather that this item of $850,000 represents the amount required to provide a new boat for the Canadian hydrographic service. I wonder whether the minister can give us some details as to just what this vessel is and where it will be put into service. Will he also state whether there is any special reason that the amount for construction of this new vessel is being brought in as a special item under the supplementary estimates rather than in the main estimates of the department?

Mr. Harris: The amount in the main estimates was $1,643,000. This is merely the further sum required by reason of the advance of the construction. They are advance payments to the contractor from time to time. He is making good progress, and therefore we require the money to pay to him. The hydrographic vessel is designed for charting northern waters and will be used in the Arctic and throughout the northeast.

Mr. Barnett: In other words, this does not represent a new vessel that has been under construction.

Item agreed to.

General—

564. Payments to the Royal Canadian Air Force and commercial companies for air photography, and to provide for expenses of the interdepartmental committee on air surveys, including purchases of equipment—further amount required, $550,000.

Mr. MacLean: Will the minister give a more detailed explanation of this item?

Mr. Harris: As the hon. member knows, we have a system of acquiring aerial photography for the purpose of the public service. Commercial companies take aerial photographs and they are submitted to a committee of certain departments. If they are found suitable for public use, we purchase them. The result is that in this year more acceptable photographs have been submitted and we have decided to purchase them. This money will be used for that purpose.

Mr. Dinsdale: I recall that last year there was a similar supplementary appropriation of some $1 million. At that time the minister explained that the reason for the supplementary expenditure was that the work was considerably in advance of that which had been contemplated. I presume that is partly the explanation again this year. While I am on my feet I should like to ask the minister whether he could indicate how much of this expenditure went to the air force and how much went to the private firms concerned. Then as a further question I should like to know whether any of this money is used to assist the provinces in aerial photographic surveys.

Mr. Harris: The whole purchase is from commercial companies. I do not think any of it goes to assist provincial governments in this field.

Item agreed to.

NATIONAL FILM BOARD

566. To provide for the dismantling, conversion and installation of existing equipment, acquisition of new equipment, removal expenses and other costs related to the transfer of the national film board to new building—further amount required, $67,000.

Mr. Knowles: Mr. Chairman, I should like to take just a moment to call to the attention of the government a suggestion that was made recently in the Saskatchewan legislature by Hon. C. C. Williams. The suggestion was that we are in a complicated situation in Canada because of the large number of boards of film censors that we have, and it might be a good idea to try to reduce the number. Mr. Williams' suggestion was that there might be two such boards, one in eastern Canada and one in western Canada, so there might be more co-ordination and cohesion in this work.

I recognize right away, before someone from the government side starts to tell me, that this is not something that can be done by direction, from the federal government. It is something that would have to come about by way of co-operation among the provinces concerned. But it does seem to me that the national film board, which is in this field, might take a lead in furthering Mr. William's suggestion. That is all I wish to do at this time, Mr. Chairman, just to draw to the attention of the government and of the national film board this matter, in the hope that they will give consideration to it.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

569. Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—Prince Edward Island, $275,000.

Mr. MacLean: I should like a word of explanation as to why these supplementaries were necessary, and this applies to all three

items. Is the explanation that the construction in these places has gone forward more rapidly than expected, or is it that the cost is proving higher than was expected?

Mr. Harris: In each case it is the former; the work has gone forward much more rapidly than we thought it would when we first made the estimate.

Item agreed to.

DEPARTMENT OF TRANSPORT

580. Payment to the St. Lawrence seaway authority of an amount equal to the net proceeds realized from the sale of property under the administration or control of the authority and paid into the consolidated revenue fund during the current fiscal year, $80,000.

Mr. Nesbitt: In connection with this matter, I presume that when lands that were acquired by the seaway authority are sold the money goes back to the receiver general. Can the minister give us any information as to what lands these were that were sold, and does it include lands only or other property as well?

Mr. Harris: This is real property. Might I add something more. The purpose of this vote is, as my hon. friend has seen, to deal with a situation that arises because we had not covered it in the original St. Lawrence Seaway Authority Act. These lands, having been made available for disposal, went to Crown Assets Disposal Corporation, which only has authority to pay the proceeds of any sale into the consolidated revenue fund, and it was not the intention to do that here. It was the intention rather that this money should be part of the St. Lawrence seaway authority fund, so this is a vote to put it back there. In order to overcome this situation in the future an amendment is going to be made to the St. Lawrence Seaway Authority Act to provide that they may dispose of their own assets and keep the proceeds for their capital account.

Mr. Nesbitt: I thank the minister very much for his excellent explanation of the matter. Could the minister tell us where these lands were? Were they in the vicinity of Montreal or were they lands in the vicinity of Iroquois or Cornwall?

Mr. Harris: These were near Montreal.

Item agreed to.

Civil aviation division—

Airways and airports—

583. Construction or acquisition of buildings, works, land and equipment—further amount required, including authority to charge to vote 499 of the Appropriation Act No. 5, 1955 (as supplemented), the cost of lands purchased, by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports, that are not held for resale, $4,000,000.

Mr. Dinsdale: This amount is of some considerable proportions, $4 million. I notice that according to the main estimates we are budgeting this year for a decrease in this item. What is the cause of this supplementary increase of $4 million? Can the minister indicate how much of this is going toward the construction of runways, as contrasted with the construction of buildings and so forth?

Mr. Harris: This is not a construction item, Mr. Chairman, nor is it even a purchase item. This is a bookkeeping item designed to charge to current account $4 million which is presently carried in loans and investments. When we purchased the land originally it was on the assumption that the land might, at some time, be disposed of, but it has now been decided not to dispose of this land but to hold it in perpetuity. It is, therefore, charged against our current outgoing rather than as an advance.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

Loans, investments and advances—

586. To provide for an advance to the cash reserve fund of the administrative budget of the intergovernmental committee for European migration in an amount of $85,100 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1956, which is, $84,990.

Mr. Nesbitt: I was wondering if the minister could give us a brief explanation with regard to item 586?

Mr. Harris: The various governments that comprise the intergovernmental committee for migration have to make a contribution towards the working funds of that committee. This is a vote for that purpose. It is in the nature of an advance in the sense that if we were ever to withdraw from the committee there would be a refund coming.

Item agreed to.

NATIONAL FILM BOARD

Loans, investments and advances—

587. To provide that during the current and subsequent fiscal years the expenditures made by the national film board and shown in the national film board operating account referred to in section 18 of the national film act may, notwithstanding subsection (4) of that section, exceed the receipts shown in the account by not more than $900,000 or such lesser amount as may be fixed by the treasury board, $1.

Mr. Fraser (Peterborough): I am always suspicious of these $1 items because they might mean a million dollars or $10 million. Will the minister say what this is for?

Mr. Harris: Yes. This is for the purpose of increasing the operating—I will call it revolving—fund, although it is not quite that, of the national film board. When set up under the act it was limited to $700,000, but under the Financial Administration Act there is authority to increase the revolving fund and it is proposed to increase that to $900,000, as the amount of money that can go into this fund to be used by the film board for its normal operations.

Mr. Fraser (Peterborough): According to this item they cannot go any higher than $900,000?

Mr. Harris: That is right.

Mr. Fraser (Peterborough): What were the receipts they had last year in this revolving fund?

Mr. Harris: I am sorry, I cannot give that. I assume it was probably over $700,000 and that is why they feel inclined to have the ceiling raised. I have not that information, but I will see that it is given to my hon. friend.

Mr. Knowles: I take it, Mr. Chairman, from what the minister says that this $1 item is in lieu of an amendment to the act?

Mr. Harris: That is right.

Mr. Knowles: As the minister knows, some of us do not object to that as a temporary measure, but as I read the first few words of this item it strikes me that it is making a permanent change. It says:

To provide that during the current and subsequent fiscal year—

In other words is this not a case of the minister finding an easier way to amend the act than is usually followed?

Mr. Harris: I know the house would appreciate anything the minister might do to ease legislation through the house. The fact is the situation is just as described. We are in fact, as appears by the wording of the item, amending the act. This has been done on previous occasions, and I am quite prepared to defend the increase in the same manner as I would have to defend an amendment to the act.

Mr. Knowles: Where does the Financial Administration Act come into the picture? I do not see it mentioned in this item.

Mr. Harris: If my hon. friend will look at section 58 of the act, there is a reference to the procedure that is being adopted here.

Item agreed to.

[Mr. Fraser (Peterborough).]

DEPARTMENT OF TRANSPORT

Loans, investments and advances—

Air services—

589. To provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future developments of those airports—further amount required, $3,700,000.

Mr. Dinsdale: Can the minister tell us what is the difference between item 583 and item 589? This amount is to provide for the acquisition of land to control property in the vicinity of main terminal airports, and so forth. It seems to cover much the same purpose as item 583, and both are substantial amounts.

Mr. Harris: Yes, Mr. Chairman. The difference is that the latter item is for the current purchase of land, as my hon. friend thought the former was. The former is a bookkeeping entry to take care of those that have been dealt with in past years, and which were shown as loans and investments.

Item agreed to.

Resolutions reported and concurred in.

WAYS AND MEANS

The house in committee of ways and means, Mr. Robinson (Simcoe East) in the chair.

Mr. Harris moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1956, the sum of $26,213,628 be granted out of the consolidated revenue fund of Canada.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 207, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1956.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: Shall this bill be read the second time now?

Mr. Knowles: By leave.

Mr. Harris moved the second reading of the bill.

Motion agreed to, bill read the second time, considered in committee, and reported.

Mr. Deputy Speaker: Shall this bill be read the third time now?

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

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

CANADIAN FARM LOAN ACT

AMENDMENTS TO REORGANIZE CAPITAL STRUCTURE, INCREASE AMOUNT OF LOANS, ETC.

The house resumed, from Tuesday, March 20, consideration of the motion of Mr. Harris for the second reading of Bill No. 84, to amend the Canadian Farm Loan Act.

Mr. G. S. White (Hastings-Frontenac): Mr. Speaker, the hon. gentleman who adjourned the debate does not seem to be here; I do not know whether he is going on or not. I shall be only a moment. There are a few things I should like to suggest to the parliamentary assistant in connection with this bill. The parliamentary assistant, being a member of the legal profession, will understand and appreciate that some of the complaints I offer probably can be rectified.

The first one I should like to suggest to him is that in the whole matter of obtaining a loan under this legislation there is too much red tape from the day you start to the day you finish. The parliamentary assistant is no doubt familiar with the application form, which should certainly take the prize for being the most complicated and complete form that anybody has ever been asked to fill out. I would suggest to him that something be done to simplify the application form.

Other hon. members have mentioned that there should be more offices in eastern Ontario. I think the parliamentary assistant will agree that there have been fairly few applications under this legislation. One of the reasons for that, apart from the red tape, is that the office is situated in Toronto.

I should like to impress upon the parliamentary assistant the fact that in the matter of the evaluation, not too much attention should be paid to the municipal assessments. It is quite true that in the last two or three years there have been reassessments in many counties, but he knows, and as all other members of the legal profession know, the assessment of property in many instances has little relation to the real value of the property.

Mr. Benidickson: The appraiser is not supposed to note municipal assessments.

Mr. White (Hastings-Frontenac): I quite appreciate that, Mr. Speaker; nevertheless you will find your evaluator or appraiser does pay considerable attention to the assessed value of the property. I would suggest to the parliamentary assistant that the evaluator or appraiser pay a great deal more attention to the individual himself who is making the application, to his background, to his character, and to what he has been able to do in farming in the past.

I do not want to repeat all the other suggestions that have been made to the parliamentary assistant except one, and that is that the percentage of the loan could and should be increased to 75 per cent. He is quite aware of the amounts that are lent under the Veterans' Land Act, under the Central Mortgage and Housing Act, and also under the act administered by the province of Ontario.

If the parliamentary assistant would do something to see that the red tape in the application form is eliminated, that evaluations are speeded up, and that something is done about the members of his own profession who handle these loans, it would be a great help. I know the blame is generally placed on the lawyer, which not always is the case. I have found that in many cases before the loan is completed the applicant is very much annoyed, and in many instances wishes that he had never bothered to make the application in the first place.

As far as the rate of interest is concerned, I would suggest to the parliamentary assistant that surely this government could well follow the example of Ontario and make money available at 4 per cent.

Mr. A. M. Campbell (The Battlefords): Mr. Speaker, before you put the motion I would like to make a few comments. The bill proposes to make some changes which I hope will be beneficial to the farmers. I hope they will be able to get loans put through with a little less red tape. I believe some of the methods used by the department should be changed. For instance, I know of a case where a farmer made an application for a loan and this is the reply he received from the Canadian farm loan board:

> Your preliminary application for a loan from this board has been carefully reviewed.
>
> As the amount you require on the security offered is very much in excess of what the board may be able to lend, it appears that we are unable to be of assistance to you at this time.

I consider that an extremely abrupt refusal. I think the board should have some method worked out under which they could have said that in this case the greatest amount of money that could be loaned was such and such. This method would give the farmer an idea of how much he could borrow, and he could then make another application.

My request at this time is that some of the red tape be done away with, and that some of the methods currently used in turning down an application for a loan without giving the applicant any indication of what he could borrow should be changed. I think such a policy as is presently in operation is not in the best interests of either the farmers themselves or of the operation of the act.

Mr. John Pallett (Peel): Mr. Speaker, before the bill goes to the committee I would like to address a few words in respect to some of the amendments which have been introduced.

I wonder what the purpose of the farm loan bill is at the present time. Is it to give agriculture some sort of an impetus, or is it to say that the government has done something for the farmers, or is it merely to waste our time in this house through introducing this measure? The reason I suggest that is because the amendments which have been offered are extremely insignificant, and the increases are of no consequence.

In leaving the interest rate at 5 per cent we have an indication that the government is not able to handle money as efficiently as other institutions in this country. I wonder if the parliamentary assistant or the minister could tell us the spread in the cost of the money they are lending to the farmer. By that I mean the difference in the cost of the money to the board and the cost to the farmer. What is the percentage difference in the actual cost, and what is the cost of the administration of these loans?

Mr. Benidickson: The board's administration cost is 1·39 per cent.

Mr. Pallett: In other words you are paying 3·1 per cent for the money?

Mr. Benidickson: Administration costs are 1·39 per cent.

Mr. Pallett: The question I asked concerns the rate you are paying for the money you are lending at 5 per cent. I am leaving that question in order that an answer may be given at some future date.

Another point I would like to mention is that you have here an arbitrary valuation for the farm loan. I know that in the amendment to the Industrial Development Bank Act there is no arbitrary figure for valuation as there is for farm loans. Is this a form of discrimination between industry and agriculture? Are we going to encourage young people in this country to go on farms and develop that industry by not leaving some flexibility in the assessing of one farm against another, or are they to be treated exactly the same? You have a discriminatory clause in the Industrial Development Bank Act. I suggest there is a different approach here. Shall we give industry as much as they want within certain limits, as far as valuation is concerned, but not as to the percentage of the loan, whereas if a farmer wants a loan he is to be bound by the hard and fast limits of the valuation?

Other hon. members have already suggested that another comparison may be drawn by reference to the limits of the National Housing Act. There is a much higher lending value under that act, and again we have a discriminatory factor. Agriculture is in a position today which does not compare favourably with other industries in the country. The government comes forward with an amendment to an act that could assist the farmer, yet the government is not brave enough, shall I say, to make the amendment something with teeth in it.

If we are going to keep our young people on the farm, Mr. Speaker, we will have to give them some encouragement. Apart from the other problems which face these young people there is a problem which is particularly peculiar to agriculture. I am referring to the necessity of refinancing every 20 years. Statistics now show, and have shown for some time, that the average farm in this country is refinanced every 20 years. That is not the case in industry or in any other type of business. If we are going to keep young people on the farm, and if we are going to preserve the industry which has been of such benefit to this country, we have a responsibility to approach it on that basis.

I close my remarks, Mr. Speaker, by saying that the lending possibilities under this act are too restrictive, and that in comparing it with the National Housing Act and the Industrial Development Bank Act there appears to be considerable discrimination against the farmer in the government's approach to the handling of money.

Mr. Harris: Mr. Speaker—

Mr. Deputy Speaker: May I remind hon. members that if the minister speaks now he will conclude the debate.

Hon. W. E. Harris (Minister of Finance): I shall be very brief, Mr. Speaker. I must say that I am astonished that the hon. member for Peel would recommend that we increase the rates to farmers. I take it that that was the purpose of his comparison.

Mr. Pallett: No, Mr. Speaker. If the minister reads my remarks he will realize that there was no suggestion that the rate be increased. I suggested that the amount of the loan be increased.

Mr. Harris: May I point out to the hon. member that the rates charged to farmers under this act are less than those charged under the Industrial Development Bank Act, yet he was making an unfavourable comparison as between these two acts.

With respect to the other questions which have been raised in the course of debate, most of them were the sort of questions we anticipated when we decided to send this bill to

the banking and commerce committee. While I do not propose to suggest that the questions should not have been put to the house, I do suggest that they be remembered by the hon. members who should put them forward in the banking and commerce committee, for which answers will be prepared after second reading.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS TO ENLARGE CLASSES OF LOANS, ETC.

Hon. W. E. Harris (Minister of Finance) moved the second reading of Bill No. 165, to amend the Industrial Development Bank Act.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I think this matter was adequately dealt with at the resolution stage, and as it is going to the banking and commerce committee I shall not have more than a word or two to say at this time. I am particularly glad that this bill is going to that committee, because I think there are certain things which need to be explored a bit and upon which we should be enlightened.

I was very surprised to find, as a kind of offshoot of the Trans-Canada Pipe Lines proposal, that the well known Mr. Murchison explained that he had asked the industrial development bank to commit itself for $70 million in securities. I do not suppose he found his way in there entirely on his own, and I confess I was surprised that that had even been contemplated. I shall be interested to learn more about it.

Furthermore, I think it is important for us to explore in greater detail the relationship between the chartered banks and the industrial development bank. The theory is that the industrial development bank steps in only where the other banks have stepped out. I think we might well have further information as to just exactly what is meant by other banks stepping out, whether perhaps they do it under suggestion. At any rate I do not propose to take up any more time because these matters can be discussed better in the committee.

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, this bill to extend the lending field of the government's industrial development bank is to be sent to the committee on banking and commerce for further examination. Therefore I shall make my remarks with as much brevity as possible, in the hope that when the bill reaches the committee stage some of my principal observations will be gone into thoroughly along with other critical remarks made by previous speakers, and thus help to eliminate some of the unfavourable aspects of the lending policy of the industrial development bank.

I was pleased to see the general view held by those who spoke during the resolution stage of this legislation, when they emphasized the initial purpose of the bank, namely to facilitate and make more easily available loans for the little enterpriser. I am in full agreement with that, because it seems to me that it is the little enterpriser in our country who needs help at the present time. The big fellows seem to be doing all right. I am thinking of the financial dilemma faced by many businessmen in this country when they make application to the chartered banks, the insurance companies or other commercial agencies for long-term loans at reasonable rates. In most cases they are discouraged and are unable to obtain loans.

The result is that many of our small businesses in this country are unable to expand, are unable to acquire necessary premises, are unable to replace obsolete machinery with new equipment and generally to streamline their activities in order to meet competition from the big corporations. Such expansion is necessary for the little Canadian businessman if he is to survive. The only way he can survive is to match competition by the giant corporations.

Since the opening of parliament on January 10 a variety of subjects have been discussed and just about every segment of our community has been involved. A few minutes ago hon. members quite properly indicated the difficulties of the farmer and urged policies that would alleviate some of his troubles. On previous occasions hon. members have referred to the difficulties which face labour as a consequence of being unemployed. A few days ago the house was in debate on a resolution with respect to inducing heavy industry to locate in depressed areas of our country. However, very little reference has been made to the man who constitutes the majority of the commercial units in our country, the small independent Canadian businessman, in connection with the loaning facilities of the industrial development bank. I think it is proper for us to focus attention upon that little businessman, because he certainly is deserving of attention at this time.

It seems to me that there are two obstacles which face the small Canadian businessman. The first is the taxation policy of this country, which places an extremely heavy burden on him, which strikes at him much harder than it strikes at the large corporations which

have access to long-term loans at reasonable rates of interest or which can float stock issues to finance their needs.

Another obstacle is the fact that the little businessman is unable to float long-term loans at reasonable interest rates in order to finance his expansion and at the same time sustain himself when credit and instalment buying are the fashion as they are at this time. I have discussed this problem with many of the small businessmen in my community, and I have found that while they have been able to perfect their skills, while they have been able to invite new business, while they have been able to establish themselves in the community and provide necessary services, invariably they have had difficulty in obtaining sufficient money to bring about the expansion needed to meet new business. As I indicated before, the large corporations are able to do this.

Under present circumstances, in the case of the little businessman one of three things is bound to happen to him. He becomes discouraged and goes out of business, he becomes stagnant, or he loses his independence. By losing his independence I mean that he succumbs to the various inducements held out to him by the giant corporations, and eventually a merger results. I do not think that that is a healthy thing because if we eliminate the little Canadian businessman from our midst we eliminate the most important factor which provides the competitive atmosphere required in our economic life.

Naturally the proper step would be to bring about a certain amount of tax exemption. The Minister of Finance knows very well that the little Canadian businessman is taxed twice, first as a corporate body and then in the form of personal income tax. I submit that the main policy of the industrial development bank should be to indicate that it has a little more confidence in our small businessmen and their enterprises. As I say, if we eliminate the small businessman from our midst there will be in the future serious implications, both in the social and economic sense.

As I understand it, one change to be made is to increase the amount available for loans of over $200,000 from $50 million to $75 million. We must realize that the influx of United States capital during the last ten years has been very heavy, the yearly average being close to $400 million. Therefore it is quite obvious that we should give preference and some sort of inducement to Canadians to invest in Canada.

In addition we should recall that during the post-war years over $4,000 million has been provided to help economies outside of Canada. No one is criticizing the wisdom of our having done that; we did it voluntarily and I think part of that program has been most successful, but it is strange that our government should be so inept in giving this treatment to our own small Canadian businessman.

I am not interested in the applicant who is thinking in terms of a loan of over $200,000, but I am very concerned that priority should be given to the little Canadian businessman who requires a much more modest accommodation, not to get rich in a hurry but to sustain himself in our economic life.

We should consider the trend that is taking place today, and there is statistical evidence to prove that this is a fact. Big business is becoming bigger while the little merchant, the little retailer, the wholesaler, the little processor, is becoming smaller all the time. If that trend continues then I submit that in the next 25 years the little Canadian businessman might well be completely eliminated from our midst. As I stressed before, if we allow that to happen there will be serious implications involved as far as our social and economic structures are concerned. I once again urge that in the matter of lending policy the industrial development bank give high priority to the little Canadian businessman.

There is one more point I wish to emphasize, and that is the need of setting up more offices across Canada in connection with the activities of the industrial development bank, not only in those areas which are developed or undergoing development but particularly in those areas which are underdeveloped. I certainly would like to see also some representation in the province of Alberta.

In concluding, let me say that I think we should do everything we possibly can to induce Canadians to invest in Canada, and a good start would be for the industrial development bank to give incentive to the little Canadian businessman to invest in his own enterprise and in his own country. If we think this matter through carefully I am sure we shall realize that we cannot sustain a healthy prosperity unless we look after him.

Mr. Colin Cameron (Nanaimo): I should like to emphasize again one of the points I raised at an earlier stage on this measure. Now that I have seen the bill I realize that what I had hoped might be done is apparently not going to be done. I note that the measure we have before us proposes to widen the areas in which the industrial development bank may make loans. I presume that means that the government considers that those particular fields are fields

in which we require an expanded investment, and it wishes to make that investment more readily available to those wishing to enter those fields.

I am going to suggest that it is not sufficient merely to widen the scope of the bank in this way if we are not at the same time going to widen its capacity to enter that field. I believe that the industrial development bank offers us an opportunity to undertake something that we are going to have to do sooner or later in this country, and that is to direct as well as we can the flow of investment into those areas which in the consideration of this parliament are the areas in which the Canadian economy requires development.

I imagine that a great many hon. members listened yesterday, as I did, to Mr. James Duncan, the president of Massey Harris, speaking to a meeting in Ottawa on his recent experiences in the Soviet union. Like me, they must have been impressed with Mr. Duncan's report of the vigour with which the Russian regime and the Russian people were pursuing a policy of carefully considered economic development. They were, according to Mr. Duncan, directing their efforts to development in those fields in which the Russian regime considered the Russian economy required development.

They, of course, are doing it there with a particularly ruthless hand and without any regard whatever for the individual comforts or desires of the Russian people, at least, not further than they require to attend to those desires and wishes. But it is becoming increasingly evident that it is this carefully designed and carefully controlled flow of investment in the Soviet union that has created the menace, economically, which now confronts the western world.

If we are going to meet that menace, if we are going to be able to compete in the world for the survival of our political and social ideas, then we are going to have to meet them in the economic field. I suggest that the industrial development bank, an instrument that has already been developed in this country, could have its scope very much widened and could accomplish that end. At the present time, of course, it is severely limited by the fact that its total assets for lending do not exceed $100 million; $25 million in capital and the power to issue debentures for an additional $75 million. A $100 million investment is not a very large item in the sort of economy that was described to us the other night by the Minister of Finance.

I should hope that the government would see fit, if not this session then in the next session, to consider seriously making the industrial development bank a deliberate instrument for the direction of investment in the Canadian economy. I noticed, for instance, in the papers the Minister of Finance tabled before his budget speech, the figures were given for the increased disbursements in the different sectors of our economy. He reported that the corporation investment income in Canada had increased last year to, I believe, some $756 million.

One of the complaints that have been made both in this house and outside this house by people who should know—people such as Mr. Coyne, the governor of the Bank of Canada, Mr. James Muir, the president of the Royal Bank of Canada and many other leading industrialists and financiers in Canada—has been that the Canadian investor by and large is not particularly interested in moving into the more venturesome fields of investment and that he has, on the other hand, tended to invest in safe, fixed-yield investments rather than take the risks in developmental types of investment, with the consequence that we have had the vast inflow of foreign capital into those fields of investment.

Whilst we may take the position that investment of this sort from any source does have the effect of developing our Canadian economy, we should bear in mind that it has the effect of removing completely from the control of the Canadian parliament the fields in which our economy is going to expand. I would suggest that, since the Canadian investor appears to be a rather cautious soul, we might meet his cautious desires for safe investment by providing the opportunity in the form of very little expanded debenture issues of the bank of industrial development, which would then be available for investment in the areas of our economy that are now virtually a foreign preserve.

Before this measure goes through the house I hope there will be an opportunity for the government to reconsider the rather restricted increase in the powers of the bank proposed in this measure, and to take some steps toward making it an instrument of investment direction in our economy.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I received the following communication:

Ottawa, March 22, 1956.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the

Governor General, will proceed to the Senate chamber today, the 22nd March, at 9.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative).

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS TO ENLARGE CLASSES OF LOANS, ETC.

The house resumed consideration of the motion of Mr. Harris for the second reading of Bill No. 165, to amend the Industrial Development Bank Act.

Mr. John Pallett (Peel): Mr. Speaker, I have only a few remarks to make on second reading of the bill to amend the Industrial Development Bank Act. The first is that I am pleased to see that the amending bill indicates that the scope of operations of the bank is to be enlarged. I would suggest for the minister's consideration that the scope be enlarged a little bit further. Industrial development in Canada is going into fields which are not yet covered in the Industrial Development Bank Act and which may well need certain large-scale assistance.

In my own county of Peel we are much concerned with the specialized types of agriculture. I suggest that the development of agriculture in that county, in certain types of crops such as fruit, vegetables and indoor crops, is actually approaching the development stage of a small industry. Even individual farms must be capitalized on a large scale. The machinery required for their operation is extensive. They cannot be dealt with properly under the farm loan acts, on the capitalization set out in those acts. They are progressing from the stage of family farms to that of more commercial enterprises.

Two sessions ago, Mr. Speaker, in the debate that took place with the Minister of National Revenue (Mr. McCann), I recall that he said that in some provinces of Canada farming was a way of life but in Ontario it was an industry. Referring to those words of his, I would suggest that we who are giving second reading to the bill amending the Industrial Development Bank Act recognize that progress and enlarge the scope of this act to include agriculture. I would suggest that we recognize the much larger capitalization required today by young people to get into agriculture, and at the same time recognize the fact that agriculture is becoming more scientific and in many ways more nearly based on the industrial approach.

[Mr. Speaker.]

I note with interest and without further comment that in the act which is before us there is no specific provision concerning the amount of interest that may be charged. I suppose that each individual loan is negotiated on its own basis. If there is good security the bank might possibly advance loans at a low interest rate, whereas if the loan is not so well secured the interest rate might be higher.

One feature of the operation of the industrial development bank that I am pleased to note is shown on the annual report to the Minister of Finance for 1955 at page 11. There we find that the revenue for the year ended September 30, 1955, is up over that of the year previous by $98,684, and that the bank has managed to decrease its operating expenses by $10,212. In those figures I suggest there is a good lesson for government. They show that this bank, operating on a business basis, can show a profit, can increase revenues and decrease expenses. Here is an example that might perhaps be followed by all branches of government, through adopting the system followed by the bank by means of which they have managed to decrease expenses in this year of expanding government expenses.

One other suggestion that I desire to make for the consideration of the minister and the house is that in industrial expansion there is a problem that was faced a few years ago in connection with housing expansion. In order to find accommodation, industry must resort to new sources of capital. People who could not afford to build their own homes were allowed to rent apartments. Those apartments were financed under the National Housing Act. I suggest that the same situation faces many small industries today. They have not the equity capital with which to furnish their machinery, keep available the necessary working capital and at the same time purchase a new factory. Today in Canada there is a shortage of money for people who would be prepared to invest some equity in a factory and make it available to an operating business of some sort on a rental basis.

To you, Mr. Speaker, and to this house I suggest that steps might be taken under this act whereby people who are prepared to build factories to enlarge the industrial capacity of this country, and to rent those factories to industries, might be able to borrow money under provisions similar to those at present provided for housing under the National Housing Act.

Mr. John B. Hamilton (York West): Mr. Speaker, I shall speak for only a few minutes in connection with second reading of this bill, because I feel that at the resolution stage I expressed my views on as wide a basis as

possible. There are, however, a couple of observations that I should like to make and I shall avoid, if at all possible, repeating what I said on the previous occasion.

I believe there are a few matters which might be considered by the committee upon reference of this bill to them. One of the things that it seems to me will be required for the effective broadening of the scope of the work of this institution is the opening of additional offices of the bank in more centres in Canada. We referred to that matter previously. Apparently there are only four regional offices. If we are going to make this type of money available to smaller business institutions, we must get down to their level. I would hope that the committee might give serious consideration to a recommendation of that kind when it is considering this bill.

The second thing I want to mention is this. The additional funds that are being made available, it appears, are to be limited to those institutions which require loans of $200,000 or more. An institution of that type can ordinarily go into the bond market, through the usual financial institutions, and obtain the kind of money it needs. I would think that what the country needs is an expansion of funds for those institutions which require help between the help that can be given to them by ordinary banking methods and the help they can obtain in the bond market. I would suggest that more consideration might be given to this phase of the bank's activities.

I note with satisfaction one particular point, and that is that officers of the bank may be delegated considerably more power than they have had in the past. I understand that the supervisor for the whole of the Ontario area has discretionary power up to $5,000, but otherwise all applications made to him must be referred to the head office of the bank in Montreal. If we are going to have this type of business get down to the level I have spoken about, then obviously we shall have to have greater responsibility and greater authority placed in the hands of the people who actually deal with the applicants.

At this stage, too, before we embark on this type of endeavour on a grand scale, it might be wise if the committee to which this measure is to be referred called in representatives of the chartered banks to see if, in fact, those institutions might not be interested in expanding their activities in this field. You will recall that at one stage those institutions were not interested in loans under Central Mortgage and Housing Corporation. However, when the necessary legislation was enacted by this house they lost little time in getting into the field in a big way. Although there may have been some reluctance at one time about being involved in this field, it seems to me that before it is expanded on too large a scale we ought to hear evidence as to whether those institutions might see their way clear to provide funds on this type of security.

If that should not be the case, sir, then I say there is going to be a great deal more money required by this industrial development bank if it is going to perform its proper function. I was very interested to hear the president of Canadian National Railways say that the $500 million program of that company spread over the last four years and the year to come has been financed entirely through Canadian bond houses. It is an indication that there are people in this country who are prepared to invest in Canadian industry, that the money is here, and what is needed is the proper incentive to get it into the hands of the people who need it.

If it is the intention to spread the influence of this institution, then I would strongly suggest that some type of public offering of the securities which this bank will require to market to get the necessary money should be floated on the open market in Canada. We should not confine our efforts to loans or advances from the Bank of Canada. If we do this we will be seeing that industry in Canada is financed by money from this country. If there is anything we need to have proof of today, it is the fact that we and our financial institutions have faith in the future of industry here.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

FARM IMPROVEMENT LOANS ACT

AMENDMENTS TO PROVIDE FOR NEW THREE-YEAR POOL, MAXIMUM GUARANTEE OF LOANS, ETC.

Hon. W. E. Harris (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 amend the Farm Improvement Loans Act by providing for a new three-year pool commencing April 1, 1956, and ending March 31, 1959; to provide further that the maximum amount of bank loans made in the new period and guaranteed under the act shall be three hundred million dollars.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Charlton: Is the minister going to make any statement at all?

Mr. Harris: I could make a brief statement, though nearly the whole purpose of the bill is outlined in the resolution. I could add two

things. I should, perhaps, emphasize that as the resolution indicates the present authority of the Farm Improvement Loans Act expires in a few days, and the purpose of this bill is to renew it for a further period of three years. In addition to that, it is proposed to increase the amount of the permissible loan from $4,000 to $5,000. It is also intended to provide for an amendment which will take care of certain legal doubts which apparently have arisen as to whether or not the banks can give what is known as a guaranteed loan under the act in connection with certain assets which in certain provinces are the subject of statutory provision that those particular assets may not be charged. The increase in the amount of the revolving fund comes about as a result of the expected increase in the use of the act, and the increased amount of the individual loan.

Mr. Charlton: Will the minister indicate also whether it is his intention to send this measure to a committee?

Mr. Harris: Yes, I should have added that this will also be sent to a committee after second reading.

Mr. Argue: We are pleased, Mr. Chairman, to support this resolution providing for the extension of the Farm Improvement Loans Act. We believe this is an excellent example of the type of system that should be used and could be used to provide loans to needy borrowers, good farmers, at a reasonable rate of interest. The act has now been in operation since 1945, and up to the end of 1954 loans had been made totalling more than $513 million. The government provides a guarantee of 10 per cent of the aggregate loans granted by the banks; therefore the total amount guaranteed in this period amounted to over $50 million. In spite of the very large guarantee, and in spite of the very large sums of money lent under this act, the losses in that period amounted to less than $150,000. The government's experience in this field, therefore, has been excellent. Within this period the government suffered a loss of only one three hundred and fiftieth of the guarantee involved.

I believe the government should consider adopting this type of practice in connection with other legislation. Here is a method the government uses in co-operation with the banks, and with a guarantee of only 10 per cent it has facilitated the making of many loans. I suggest that the experience of the government with respect to this act to date has been very happy. I am pleased that once again when this act is being extended the amount of the guarantee of a loan to an individual applicant is once again increased.

[Mr. Harris.]

The last time the act was before parliament the amount was increased from $3,000 to $4,000. This time it is being increased from $4,000 to $5,000. I think the government might have increased that amount even further.

There has been a tremendous increase in the cost of the things farmers buy for which they obtain money under this act. The item that farmers have to purchase most frequently is farm machinery. As hon. members know, there have been tremendous increases in the prices of farm machinery. Knowing the amount of farm machinery, to say nothing of other improvements, that may be needed on a modern farm, I think the government might have allowed the ceiling for which a guarantee would be applicable to be considerably above the suggested $5,000 figure. I think it is generally agreed that an efficient farm today needs machinery to the value of about $20,000. I would suggest that as far as the ceiling on the individual loan is concerned, the guarantee might well have been doubled and applied to a maximum of $8,000.

There is one further suggestion I should like to make to the minister. I know he has already given some consideration to this matter. I hope he will call in the credit unions at an early date, and that the role they may be able to play under an act such as this will be actively considered. I hope the government will give favourable consideration, as I am sure it will, to co-operating with the credit unions in this field in so far as the credit unions themselves may request and within the terms of the legislation itself.

As has been pointed out in the past, the number of credit unions has increased very rapidly. Some 1,600,000 Canadians are members of credit unions. We believe that credit unions, and the whole idea of credit unions, should be encouraged by the government. What has actually happened in practice in credit unions in the making of farm improvement loans has very frequently been this. A farmer has gone to a bank and applied for a loan under the Farm Improvement Loans Act, and for one reason or another the bank has turned him down. The farmer, following the rejection by the bank manager, has gone to a credit union, made an application for a loan, and very frequently has received a loan from the credit union for the same purpose. The records of the credit unions in regard to loans for farm machinery and farm improvements will show that their losses have been very small, in spite of the fact that the loans the credit unions have made in general have been loans that would entail a greater risk than similar loans made by the banks.

I am hopeful that before the end of this session the government, by new legislation or by regulation, may extend this act to credit unions so the full 10 per cent guarantee may be given to credit unions and that farmers generally will be able to take greater advantage of this method of obtaining loans at a reasonable rate, namely 5 per cent.

I want to point out again that this is a method by which borrowers can obtain loans at a reasonable rate of interest, and I hope the government will expand this type of legislation so that the very high rates of interest now charged by some other lending institutions in this country may be reduced from the very high rate of over 24 per cent to as little as possible, with the ultimate objective of getting the rate down to the same level provided for in this type of legislation.

Mr. Smith (Battle River-Camrose): Mr. Chairman, we in this group are prepared to support this resolution preceding a bill to amend the Farm Improvement Loans Act. We are satisfied to reserve any comments we may have until the bill is introduced in the house. I would like to compliment the Minister of Finance on giving us the information at the outset that the bill will be referred to a committee for study at a later date.

Resolution reported and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 208, to amend the Farm Improvement Loans Act.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall this bill be read the second time; next sitting of the house?

Mr. Harris: Mr. Speaker, on that point, since there seems to be general approbation of what we are doing, I wonder whether we can have second reading now. Immediately after Easter the committee will be seized of the bill, and hon. members will in the meantime have the bill to study. Unless someone feels there should be further debate I can really see no particular reason why the bill could not have second reading now and go to the committee, although it would not be discussed until immediately after Easter.

Mr. Charlton: Mr. Speaker, we have not seen the bill yet. I do not know whether or not this is just the proper procedure. We are perfectly willing to put it through if the minister will assure us that it is going to committee.

Mr. Harris: Mr. Speaker, my point is this. It is obvious that the first two weeks after Easter, will be taken up with the budget debate and other incidental matters. If this bill is passed now I assure my hon. friend that except for one item I mentioned, the resolution covers practically everything that is in the bill. I do not think the hon. member will be taken by surprise at all. We can have some useful discussion in the committee at that time. If, on the other hand, we do not give second reading to the bill tonight I am satisfied that it will not reach second reading, unless by agreement at some time, until at least some time in the third week after we come back.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Shall this bill be read the second time now?

Mr. Knowles: By leave.

Mr. Harris moved the second reading of the bill.

Motion agreed to and bill read the second time.

Mr. Deputy Speaker: Shall the bill be referred to the standing committee on banking and commerce?

Mr. Argue: Might I make a suggestion to the minister? Does he not think that it would be more appropriate for a bill of this kind to be referred to the agriculture committee of this house where we do have the experts, I suggest, as far as farm loans are concerned?

Mr. Harris: Well, I certainly have no objection, sir. It has always been standard practice for bills of the Minister of Finance to go to the banking and commerce committee.

Mr. Knowles: It might be a good experience for the Minister of Finance to appear before the committee on agriculture.

Mr. Harris: Since hon. members have been kind to me tonight, we shall change that to agriculture.

Mr. Deputy Speaker: Mr. Harris moves, seconded by Mr. Prudham, that this bill be referred to the standing committee on agriculture.

Motion agreed to.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO PROVIDE FOR HIGHER CONTRIBUTION TO COSTS OF HIGHWAY

Hon. W. E. Harris (for the Minister of Public Works) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide

that the Minister of Finance may pay a higher contribution for a portion of the highway in a province not exceeding ten per centum thereof; to extend contributions to costs incurred up to December 31, 1960 and to terminate all contributions on May 31, 1961; and to provide further that the aggregate of all expenditures under the act may be increased to a maximum of two hundred and fifty million dollars.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Hodgson: Would the parliamentary assistant make a statement?

Mr. Bourget: Mr. Chairman, the Trans-Canada Highway Act, which became law on December 10, 1949, was enacted to encourage and assist in the construction of a continuous high standard highway following the shortest practical east-west route across Canada. The act provides that the federal government may make contributions to a provincial government of 50 per cent of the construction costs of the highway over a period of seven years, and the agreements under the act provide further that the federal government may pay in respect of highway previously constructed along the route of the trans-Canada highway between April 1, 1928 and December 10, 1949. The estimated cost of completing the highway was $300 million in 1949, and the amount voted by parliament as the federal government share was $150 million.

The total length of the highway along the designated route in all ten provinces is approximately 5,000 miles. Quebec has not signed an agreement under the statute and has not participated. The mileage in the nine participating provinces, including Banff and Yoho national parks, is 4,580 miles.

For distances totalling approximately 2,850 miles there is a paved highway, although to date the equivalent of only 1,600 miles have been constructed to the approved standard. Thus there remain approximately 1,545 miles of highway unpaved, and there are 185 miles on which there is no highway of any kind.

It is therefore now apparent that the terms of the present agreements, which provide for the completion of the project by December 9, 1956, cannot be met. There have been various reasons for delays, including weather, the necessity of diverting materials and effort into the defence build-up at the time of the Korean war, difficult terrain and others. In the over-all, however, progress has been disappointingly slow.

The purpose of this amendment is to seek authority to introduce a bill to extend the period of construction, to provide additional funds, and to alter the formula so as to enable the federal government to provide greater financial assistance in constructing select sections with a view to closing at the earliest possible date those gaps in which no highway exists at all at the present time, or in which there is a road of inferior standard which needs to be rebuilt.

In no province does the gap or the combined lengths of gaps where there is no highway of any kind exceed 10 per cent of the total mileage in that province. The resolution therefore indicates that the bill will seek authority for the Minister of Finance to pay a higher contribution for a portion of the highway in a province not exceeding 10 per cent of the mileage. The federal government contribution for these gaps will be increased from 50 per cent to 90 per cent of the cost of construction.

The resolution also refers to the extended period for which contributions may be made. The present terminating date, as I have indicated, is December 9, 1956. The bill will seek authority to extend the period for construction to December 31, 1960, and a further five months to wind up the accounting. The termination date for all contributions therefore will be set as May 31, 1961.

The last financial provision which is set forth in the resolution has to do with the total amount of money authorized by parliament for federal contributions. As I have already indicated and as the committee is aware, the limitation in the present statute is $150 million. Authority will be sought in the bill to increase this amount to a maximum of $250 million.

Mr. Hodgson: Mr. Chairman, this legislation comes forward at a very timely moment in our nation's development, because the first act which became effective on December 10, 1949, will have lived its life on December 10, 1956, I suppose. We now have a new bill offering the provinces an additional expenditure of $100 million toward the completion of the road.

The first sum of $150 million which was the dominion government's share was too small in the first place, and this measure which is before us I suggest is too little and too late, because the cost of construction has increased a great deal in the last six years. The amount of traffic travelling on our roads has also increased, and the life of the roads is shortened. The sum of $150 million was spent on the construction of roads with a 22-foot top. Anyone who knows anything about building roads is aware that a 22-foot top is not adequate under present day circumstances.

Mr. Bourget: It is 24 feet maximum.

Mr. Hodgson: I think it is a minimum of 22 feet. A lot of the construction has been

with a 22-foot top. Anyone would know that kind of top will wear out in less than ten years. I can show you roads built with a top of 22 feet which were constructed approximately 10 years ago but which are worn out now.

The trans-Canada highway is a national highway. We as members of parliament like to brag about it as such as, I am sure, do hon. members of the government. But is it a national highway in fact? I have my doubts about this, because up until now the provinces have been paying 50 per cent of the total cost. The government now has come through with this bill extending the time limit for another five years and increasing the sum of money from $150 million to $250 million. The government has included a proviso that it will pay 90 per cent of the 10 per cent remaining gap. That is something new. I repeat, the federal government will pay 90 per cent of the 10 per cent gap.

Mr. Bourget: I am sorry, but I think the hon. member misunderstands. The federal government proposes to pay not 10 per cent of the gap but it proposes to pay 90 per cent of 10 per cent of the total length of the mileage in any province.

Mr. Hodgson: Are you sure it is not 90 per cent of the gap in each province?

Mr. Bourget: Yes, it may be the gap, but it is 90 per cent of 10 per cent of the total mileage in any province.

Mr. Hodgson: For the gaps that are left, I suppose. This little book says it is 10 per cent of the distances that are left in each of the provinces. Therefore the government is going to pay 90 per cent of the 10 per cent gaps that are left. I suggest that this government should pay 90 per cent of the cost of the construction of the whole road. As I understand it the dominion government has not the machinery or the ways and means for the building of roads and therefore they place the responsibility upon the provinces. But this is a national road and it should be built, not 10 per cent of the gap but all the gap, by this federal government at least to the extent of 90 per cent.

Then there is the matter of maintenance. It is estimated that this road will be completed in 1961, but I have my doubts. Some of these gaps are to be found in the most rugged country, and much of the trans-Canada highway is going to be worn out before it is completed, especially the 22-foot portions. This road should be built to a minimum width of 30 feet, and where the traffic is heavy it should be at least a four-lane highway.

You are asking the provinces to pay 50 per cent, and they also receive 50 per cent on the old highways that are used or included in the national highway. It must be remembered that this is practically the only road in Canada to which the dominion government contributes one iota. Last year a total of $600 million was spent on highways in Canada, $426 million of which was spent by the provinces, $110 million by the municipalities and a measly $27 million by the federal government. About $17 million of that was in connection with the trans-Canada highway, with the balance presumably being spent on roads in national parks.

Highway traffic is increasing at a terrific rate, the number of cars having almost doubled in the last six years, as well as the number of trucks. The provinces are faced with a problem in keeping up their highway systems, especially if the present traffic trend should continue. The province of Ontario is hemmed in almost like a horseshoe by the United States, and it must have good roads. Good roads are necessary for defence purposes. In case of emergency the people of the cities of Ontario are not going to go east and west; they are not going to go south to the United States. Most of them are going to go north. It is fortunate that we have a great tourist development in Haliburton and Victoria which could take care of many people in case of an emergency. But there must be roads, there must be ways and means of getting them there.

We must have good commercial and tourist roads running north and south, not only in Ontario but in many other provinces. The provinces are hard pressed to find money with which to build these north and south roads. It is more important today to have north and south roads than it is to have east and west roads, because such roads are necessary for commercial and tourist purposes as well as for national and civil defence. There must be good roads to places like Sarnia, Detroit, Windsor, London, the Niagara district, Hamilton, Toronto, and do not forget Port Hope where our great uranium centre is located. Then there are the cities and towns and bridges along the St. Lawrence. The same applies to Quebec, and that is probably one reason Quebec did not come into this national highway scheme.

However, this is like a man who is hungry; half a loaf is better than no bread at all. I do not think the dominion government has an excuse in the world for not paying 90 per cent both of the cost of construction and the cost of maintenance. They will have to start maintaining some of it long before the last of the road is built. This government retains about 78 cents of every tax dollar collected

in Canada, including the provinces and municipalities, and they pay back a much smaller percentage than that. I understand that last year they took $302 million out of the tourist industry, and for the first seven months of the last fiscal year they collected $116 million in excise and sales taxes from the motor industry. During that same period they spent less than $16 million on this road. They have taken the lion's share, they have grabbed off the taxes, they are grabbing off every bit of revenue that comes in.

Someone has said that there is a large stretch of highway in Ontario to be finished. Let us not forget that Ontario pays about 47 per cent of all the revenue collected by the dominion government, besides paying its share of the cost of building this road and everything else. I am not going to move an amendment to the resolution because I do not think it would do any good, but I submit that this government should get together with the provinces and decide on a design for this road which would apply to the whole highway. This should not be left to the provinces, and then have the onus placed on them because they have not done it this way or that way. Something should be organized so that a better road may be built than has been built in the past, much of it in the form of a four-lane highway.

I will support the resolution because, as I said before, half a loaf is better than none. However, I think the parliamentary assistant had better take this back to his minister, to the department and the government and let them understand that they are not paying within 40 per cent of their share of the cost of this road. They are paying too little too late.

Mr. Bryson: Mr. Chairman, back in 1949 when the government introduced a resolution designed to assist the provinces financially in the construction of Canada's first national highway, I am sure those who voted for the legislation and Canadians generally felt that at long last the federal government had accepted its responsibility for the construction of an integrated system of highways in this country, and had acknowledged that it was absolutely necessary that the government take this step. I am sure Canadians thought that the commencement of the trans-Canada highway was the first step toward the realization of a system of integrated highways across this country.

Seven years have passed since the introduction of that legislation, legislation which Canadians thought would usher in a new era in motor transportation in this country. As has been mentioned already by the parliamentary assistant to the Minister of Public Works, the progress made to date has been most disappointing. The figures we have before us in the last report point out the truth of the parliamentary assistant's statement. Of a total mileage of some 4,591 miles, only 1,964 miles are presently paved, 4,269 miles being passable. That is not very encouraging after the seven years this work has been under way.

Apparently something went wrong. Evidently the minister thought things were not going as well as he hoped, because on November 14 last he called a conference at which representatives of all the provinces participating in the trans-Canada highway were present and at which the question was gone into most thoroughly. The result of that conference, as we know, was the proposal that is before us this evening in the form of the amendment that we are now asked to ratify.

The original proposal, that is a fifty-fifty sharing of costs between the federal government and the provincial governments, plus the new proposal that is before the house this evening, points up very clearly that the government so far is not prepared to accept its responsibility for this undertaking which, in so far as the provinces are concerned, places them in an almost untenable position.

I think it should be apparent to everyone, including the government, that after all is said and done highways are only a part—possibly the most important part—of an overall system of communication in this country. It is difficult to understand why, in spite of the fact that highways are only a part of such a system, they have been completely ignored while the government has been prepared to accept its responsibility in connection with every other phase of an integrated communication system.

Of course I have in mind the Canadian Pacific Railway, which without federal aid would never have been built. I do not think anybody would dispute that fact. As a matter of fact, I doubt that the Canadian Pacific Railway would be able to operate today were it not for the very substantial amount of the taxpayers' money that this government is prepared to give that company in the form of subsidies in order to bolster its revenues and enable it to carry on. Then, of course, we have the Canadian National Railway, which is the total responsibility of this government, as it should be if it is going to be a national road. The Canadian National Railway has assets and is capitalized, if my figures are correct, to the amount of over $2\frac{1}{2}$ billion. Trans-Canada Air Lines is another part of that communication system which is so important to the welfare of the

Canadian people. While radio and television are somewhat removed from the field of transportation, nevertheless they are very definitely communications that are part and parcel of the whole system. Again these are operated by the federal government. The federal government accepts the responsibility in large measure for the success of that organization.

Then we come to the St. Lawrence seaway, again in the transportation field and again with the federal government accepting its responsibility toward the construction and maintenance of that great waterway. Only quite recently we were asked as taxpayers of Canada to contribute again very substantially to another phase of Canada's communication and transport system, namely the building of the northern Ontario section of the trans-Canada pipe line. Some $130 million of the taxpayers' money will be used if that line is completed.

I am not critical of many of these items I consider necessities in our communication and transportation system. I believe the government is to be commended on the stand it has taken and the responsibility it has accepted to see that this system has been successful. But it is fantastic, in the light of the responsibility the government has been prepared to accept in these other fields, that it has divorced itself completely from the idea that highways and roads are the joint responsibility of the provinces and the federal government and as such must be relieved of any cost-sharing or any responsibility such as we see across the border to the south.

As one Canadian organization pointed out not long ago, in a nation that has risen to the position of the fourth trading nation in the world and that is recognized as one of the most progressive and most advanced nations in the world, it is almost impossible for its citizens to drive from one coast to the other. That is not a very nice picture. As the hon. member who just took his seat pointed out, the need for roads is growing every day. The number of motor vehicles, both cars and trucks, is growing by leaps and bounds. As a matter of fact, a publication issued by the Canadian automobile chamber of commerce has some very significant and interesting figures, showing what has taken place in the last three or four years in so far as the increase in motor vehicle sales in this country are concerned. For instance, in 1954 sales of cars and trucks in Canada were valued at in the neighbourhood of $1 billion, whereas in 1946 the sales of cars and trucks in this country amounted to $193,329,000. That will give you some indication of the strain that is being placed on the highways and roads of this country. The number of motor vehicles has doubled in Canada in the past two or three years, and it was estimated that by the end of 1955 there would be four million motor vehicles on the roads.

That, of course, points up the need for more roads and for better roads. Subsequently, with this increase in traffic, the existing highways in this country are rapidly deteriorating, at a faster rate than the provinces, whose responsibility it is now to maintain them, are able to do the job that is necessary.

I think we should argue that it is the federal government's responsibility to build highways in this country, because the federal government gets very large revenues from the sale of motor vehicles. It not only receives excise and sales taxes from the sale of vehicles in this country, but it receives taxes on tires and tubes, and excise taxes on foreign cars and other vehicles coming into this country.

I should like to quote these figures because I think they are very significant when we are talking about federal responsibility. In the last four years the total sales tax and the total excise tax collected by the federal government on automobiles and trucks in Canada amounted to over $611 million. The excise tax on tires and tubes, according to a return tabled in the house only three or four days ago, indicates that the government collected in taxes something in the neighbourhood of $11 million. Again, the customs duty on foreign cars coming into Canada and sold in Canada has amounted annually for a good number of years to something in the neighbourhood of $8 million.

When we add up all these figures, just for the last four years, we find that the revenue from these three sources alone amounts to something in excess of $700 million. So we feel that, taking these figures into consideration, there is a good argument that the government is shirking its responsibility in not going forward with a bold and imaginative program to build a comprehensive network of highways across Canada.

I know it could be argued that the provinces get a large revenue from motor licences and from many other sources that have to do with transportation. That is true. But I should like to point out that the provinces of Canada, in 1955, for roads and highways budgeted an amount of something like $600 million. The total amount spent by the federal government for the construction of roads and highways was something in the neighbourhood of $27 million.

I think what I have said sums up briefly a few of the reasons why we believe the federal government must accept, in greater measure than anything we have seen heretofore, its responsibility in connection with a highway program. After all, the magnitude of the job which the provinces are obliged to do to maintain the farm-to-market roads as well as the highways places them, as I said a moment ago, in an impossible position, and one which they are not going to be able to maintain in the future unless some assistance is forthcoming from the federal government.

What has happened to account for the fact that the present trans-Canada highway program has not become the success that it was hoped it would be by those who introduced it? There are several reasons. First and possibly most important is the fact that the 50-50 sharing of costs between the federal government and the provincial governments was not by any stretch of the imagination a realistic division of costs. It did not take into consideration the purchase of land for the right of way, nor did it take into consideration the substantial costs involved in moving telephone poles and many of the other obstacles the government found in many cases when they laid out the right of way. When you take into consideration the extra costs, instead of there being a 50-50 sharing of cost we find it is more in the neighbourhood of 40-60, with the provinces being responsible for the 60 per cent rather than the 40 per cent.

Another regressive feature was that the provinces were responsible for any cloverleafs that had to be built, and any overpasses that were necessary on the route. These two features are items of great expenditure. In so far as the provinces going ahead at a faster rate than they did is concerned, possibly one of the restraining factors was the fact I mentioned a moment ago, namely that they are responsible for their roads within their own boundaries. Everyone knows it is absolutely necessary that the provinces maintain and build to the best of their ability the roads which the people within the boundaries of each province necessarily are obliged to use for their day to day living. Increased construction costs have also added to the burden. Hence a combination of a great many factors has been the cause which appears to have retarded the construction of the trans-Canada highway.

As I pointed out, the amendment with which we are dealing this evening is not going to help this situation materially, because the 90 per cent the federal government is prepared to pay on 10 per cent of the total mileage within each province in effect amounts to only 4 per cent or 5 per cent of the total cost of the trans-Canada highway. When we take the new proposal and add it to the original proposal of the 50-50 break in cost sharing, and when we take into consideration the fact that the provinces are responsibile for the things I mentioned a moment ago, we find that the breakdown in reality is still only 50-50 in so far as sharing of costs is concerned, and that is not enough.

The hon. member who just took his seat said this new proposal will end, in so far as the latest statement we have is concerned, in 1961 and he doubted whether the road would be completed by that date. I also doubt very much whether it will be completed then. I think we must remember that the job which must be done in British Columbia, for instance—the fabulous and fantastic job that the provincial government of British Columbia is facing today—makes it appear extremely unlikely that they will have their portion of the highway completed by 1961. Of course we also know that the terms of the proposal are that the money will be forthcoming, under the new terms, provided that each province allocates each year as much money as the average they have allocated in the last two years in connection with the ordinary construction of the road.

While I am not going to deal with the situation as we find it in the United States in so far as cost sharing is concerned between the federal government and the state governments, it is interesting to note that the federal government of the United States assists in the building and maintenance of all the roads in that country. Last year it budgeted for something in the neighbourhood of $700 million to help build and maintain a comprehensive road grid in that country. Hence we are somewhat disappointed that the new proposal that has been made is not going far enough.

We would suggest that an announcement should be made now as to what are plans of the federal government for when the trans-Canada highway is completed in the provinces. For instance, what is going to happen or what is the program going to be in the province of Manitoba, or the province of Ontario or the province of Saskatchewan when they complete their section of the highway while other provinces still have not completed their sections? We think some statement should be made now as to what the policy and program is to be in that regard.

While I am not prepared to argue highway construction in connection with civil defence, I think we must recognize the fact that we in this country are spending large sums of money on civil defence. We all know,

of course, that highways and roads are one of the most important factors in connection with civil defence. Is the government going to assist the provinces to expand their highway systems on completion of their sections of the trans-Canada highway? I think that is one of the questions which must be answered soon by this government. We believe that a more realistic proposal than the one suggested in the amendment with which we are dealing here this evening would be one under which the federal government would assume 75 per cent of the total cost of the trans-Canada highway. That should include the cost of the right of way and the other costs in connection with the right of way such as the overpasses and the cloverleafs that are necessary on such a highway. The government should now make known its intention if it intends to provide an overall highway program in co-operation with the provinces, and that proposal should not be delayed. Canadians should know now whether or not the government is prepared to go forward with this integrated system of highways which we all expected would result from the legislation passed in this house in 1949.

Mr. Pearkes: I should like to make a few brief remarks regarding this resolution, Mr. Chairman. I think it is appropriate that I should do so, as I come from a province which has exceptional difficulties in so far as the construction of main and arterial roads is concerned, and a province which historically has seen the development of settlements in that province based upon roads which have been constructed by senior governments. From the very earliest days of the history of the province of British Columbia, roads constructed by the military during the days of the gold rush into the Cariboo have been examples of what could be done by senior governments in the way of helping to develop and colonize a province.

It was due to the fact that a road had been constructed by the royal engineers at the time of the Cariboo gold rush that miners, after they had reached their destination and explored their claims, found that they could settle not only on the mainland but also on Vancouver island. It is very largely due to that initial effort in federal road construction that the development of British Columbia proceeded.

We have peculiar problems so far as British Columbia is concerned, because we are shut off from the rest of Canada by great mountain ranges which have only a limited number of passes, and it is because of that fact that one road leading from the prairies and eastern Canada is inadequate. One east-west road is not sufficient because of the terrain and the fact that the various mountain ranges limit north-south communication. It is, therefore, of importance that there should be at least three main roads leading from eastern Canada into British Columbia.

Now, of course, we welcome the fact that some assistance is being given to the provincial government in the matter of road development. I do feel, like the previous speakers, that the assistance is rather meagre and it is coming rather late. I realize the great difficulties in the construction of the road. I believe that in British Columbia the trans-Canada highway is costing somewhere in the neighbourhood of $200,000 per mile, which of course is a very large sum of money. It is beyond the powers of even a province as prosperous as British Columbia to develop more than one road.

I refer also to the need for more than one road in relation to defence. We have to have the opportunity of moving, if necessary, by road not only in a direct line east and west, but also to the northeast into that great country north of Edmonton. All these roads have to be developed. One point which causes me some concern regarding the construction of the trans-Canada highway along its present route is the strength of the bridges on that route. The weight of military transport vehicles as well as that of civilian vehicles is increasing all the time. One hears of immense vehicles which have to be moved for military requirements that only the very strongest bridges could support. I feel that the type of bridge now being constructed, as I have seen them along the trans-Canada highway, would not carry the heaviest military vehicles. There is no other way to move these vehicles in many parts of our province except by road. I would therefore call that point to the attention of the parliamentary assistant.

One other point I should like to make concerns the ribbon development which is taking place on the outskirts of so many cities. I know that on the new portion of the trans-Canada highway out of Victoria there are innumerable auto courts, all kinds of stores and small buildings being constructed. If we are going to have that sort of ribbon development we will defeat one of the main objects of the trans-Canada highway as well as add to the risk of the loss of life on the highway, where school children and others will run across. I would hope it might be possible, in view of the money which is being spent by the federal government, for the federal government to reach some agreement with the provinces, and possibly with the municipalities as well, to prevent this very serious handicap which is now arising, namely the ribbon development

on the outskirts of cities along the new portions of the trans-Canada highway.

Mr. Herridge: The hon. member for Humboldt-Melfort, Mr. Chairman, has presented this party's general position with regard to this resolution. He dealt with some of the criticisms of the resolution and made some suggestions. I support his remarks and the position he has taken. In order to save the time of the house I am not going to repeat them, but I do want to deal with the situation of the trans-Canada highway as it affects the residents of the southern interior of British Columbia.

In British Columbia we are anxious, as the hon. member for Esquimalt-Saanich said, that there should be three highways across the province, but in the meantime we are particularly concerned about getting our first trans-Canada section completed. Everyone knows that in British Columbia we are faced with unusual physical difficulties, first with regard to selecting the right route and second with respect to the cost of construction. I wish to deal with a particular aspect of this question because it is of extreme importance and concern to the residents of southeastern British Columbia. I have been asked by a number of organizations in that area to put forward their views at the first opportunity.

The problem that is of particular concern is the route that will be finally chosen between Revelstoke and Mount Eisenhower. We are also concerned because a great part of that route will no doubt be included in this 10 per cent of abnormal costs. To date there have been three possible routes suggested between those two points. The first is the Big Bend highway, which has been in operation as a dirt road since 1941, if I remember correctly. Now there is to be a reconsideration of that route, owing to the proposals for the building of the Mica creek and other dams on the Columbia. The other route that has been under consideration is the Rogers pass route paralleling the main line of the Canadian Pacific Railway between Revelstoke and Golden.

The third route that has received some consideration and a great deal of publicity and support in the interior of British Columbia is known as the Jumbo pass route, going from approximately Windermere in the upper Columbia valley across the divide of the Selkirks and the Purcells, which are a spur of the Selkirks, to the southern end of Howser lake and north along Trout lake and upper Arrow lake and then into Revelstoke. This route was surveyed at one time by engineers of the Canadian Pacific Railway when they were considering the main line of that railway, and it was given up because of the desire of the company and of the government of the day, I understand, to choose the present route through the Kicking Horse pass. However, we have engineers in our district who are well acquainted with the area.

Mr. Bourget: We do not make the choice of the route; the choice of the route is left to the provinces.

Mr. Herridge: Mr. Chairman, I am coming to that point, and I am going to read some correspondence. We are unable to say who is going to make the choice, because I think the federal government has a finger in the pie at this stage of the investigation, and possibly the Canadian Pacific Railway. On account of the public interest in this question and the knowledge of the long-time engineers in the district, Mr. Boyd Affleck, a highly qualified engineer, and incidentally a very prominent supporter of the party to my left—he is a gentleman who is a strong opponent of the Kaiser dam—made an examination of the route from Howser lake to the Windermere area. As a result of that examination the provincial government undertook a reconnaissance survey a year or two ago between those two points. Since that time the associated boards of trade of British Columbia, together with other organizations and farmers' organizations, have been urging the provincial government to undertake a thorough survey of the route before any final decision is made with respect to the section of the trans-Canada highway that would connect Revelstoke with Mount Eisenhower on the trans-Canada. So far they have met with very little success.

I raised the question in the house a few times, and the minister has always indicated that the choice of the route comes within the jurisdiction of the provincial government. All the federal government requires is that it be the shortest practicable route. Our organizations are very concerned about it, because we feel we have the time to thoroughly investigate all routes, that when you come to make a decision which will involve the expenditure of between $30 million and $50 million, when that decision will affect British Columbia seriously and all persons who use the route in years to come, every possible route shall be thoroughly investigated.

Now, to come back to the point the parliamentary assistant raised, I want to read two or three letters of recent date. The first was addressed by Mr. W. J. D. Walker, for the Kaslo board of trade, to Hon. Robert Winters,

Minister of Public Works, Ottawa, dated February 20, 1956. This is what he had to say:

Dear Sir: re: Trans-Canada Highway

We notice that you have been quoted in the Revelstoke *Review* of February 2 as saying, "The Rogers pass is the answer and I have said so".

I read the same report. I continue with the letter:

This relates to the final choice of routes for the trans-Canada highway where it crosses the Selkirk range in British Columbia.

We do not have an additional copy of the above newspaper but we enclose a copy of the article in which you are quoted for your information.

You will note that they quote from an editorial in the Calgary *Albertan* which in turn quotes the *Financial Times* of Montreal which quotes your statement as above.

We would be glad if you would look into this and advise us if the statement attributed to you is correct or otherwise, and when and where it was made. It can happen that items taken from the context of a speech or article can be misconstrued. We have no wish at this time to be critical of the statement, or certainly not until we have first referred the matter direct to you.

As you are possibly aware we are a member of the associated boards of trade and chambers of commerce of southeastern British Columbia and as such are vitally interested in the ultimate and inevitable growth of the Kootenays. Through that body we, and all other member boards, have for several years now been advocating the thorough investigation of the Jumbo pass route as a possible alternative for the trans-Canada crossing of the Selkirks. Last fall the associated boards presented a brief to the British Columbia provincial cabinet demanding a survey of that route so that a full and proper comparison can be made of all alternative routes. When the taxpayers' dollar is to be spent to the tune of from $25 to $50 millions for such a project we feel that such a demand is fully justified, and we feel sure that when you consider it you will agree.

We would appreciate your early reply.

Yours truly,
W. J. D. Walker,
for Jumbo pass committee.

To that letter the minister replied on February 27, as follows:

Dear Mr. Walker: re: Trans-Canada Highway

This will acknowledge receipt of your letter of February 20, on the above mentioned subject.

The situation is that under the terms of the agreement, the provincial governments determine the route of the trans-Canada highway, subject to our approval. In 1949, the governments of British Columbia and Alberta jointly decided that the route would go through Calgary to Banff, then by way of Kicking Horse pass to Revelstoke, and thence to Vancouver and Victoria by way of Nanaimo.

That route was accepted, and a considerable amount of work has been done on it. It involves, as you know, the Big Bend route between Golden and Revelstoke. The highway distance involved is some 190 miles, whereas the airline distance between Golden and Revelstoke is of the order of 90 miles.

It seemed to me from the start that it would be justifiable to spend some effort in trying to find a suitable pass between Golden and Revelstoke as an alternative to the Big Bend route. The Rogers pass seems to provide such an alternative.

The situation, therefore, is not that an entirely new route is being sought in British Columbia, but simply that an effort is being made to have the highway conform to the definition laid down in the agreement that it should constitute the shortest practical east-west highway along the designated route, which, as I have told you, was specified by the provincial governments in 1949 and agreed to by the federal government.

Yours very truly,
Robert Winters.

It is a very odd thing, Mr. Chairman, from our point of view, that the minister says the provincial government has the final say. I want to tell him that every engineer of the federal department of works is preaching the Rogers pass route, and every Canadian Pacific official in the area has also been preaching the Rogers pass route, which will, of course, parallel the Canadian Pacific tracks between Revelstoke and Golden.

Before concluding, I just wish to read the reply to the minister's letter, dated March 10, 1956:

The Hon. Robert Winters,
Minister of Public Works,
Parliament Buildings,
Ottawa, Ont.

Dear Sir:

Re: Trans-Canada Highway

We acknowledge with thanks your letter of February 27th in reply to ours of February 20th.

From reading your letter our impression is that you favour use of the Rogers pass as an alternative to the present Big Bend route. However, you do not give any specific answer to our question concerning your statement that was quoted by the *Financial Times* of Montreal which was in turn quoted by the Calgary and Revelstoke papers and of which we furnished copies.

Also you made no mention of your reaction to the possible use of the Jumbo pass as another alternative route for the trans-Canada highway.

In the fourth paragraph of your letter you mention that you felt it justifiable to spend some effort in trying to find a suitable alternative route to the Big Bend. As a result of that the Rogers pass was surveyed in 1955 and you now have complete technical data on two routes. It has been our firm contention all along that the third possible route, the Jumbo pass, should receive the same treatment the other two routes already have, namely a full survey so that proper comparisons can be made and to ensure that the final decision is a wise one.

When the route is chosen and constructed that will be a very final step, it will be too late then to rectify mistakes. As taxpayers it is our most emphatic opinion that when up to 50 million is to be spent for such a project all possible steps must be taken to see that it is spent wisely and for the benefit of the greatest number. Any other course would constitute a dire neglect of the duty of the government to the taxpayer.

You already have considerable data on the Jumbo pass submitted by the associated boards of trade of southeastern British Columbia and by certain member boards, and we will not elaborate further on it at this time other than to enclose a comparison chart of the three routes prepared by the Windermere district board of trade.

We respectfully suggest that it would be your duty as the federal minister most concerned with this project to see that this matter is closely looked into and very carefully considered.

We shall await your reply with interest.

Yours very truly,
W. J. D. Walker,
for Jumbo pass committee
of the Kaslo board of trade.

This matter, Mr. Chairman, is of serious concern to the people of southeastern British Columbia. There is an unusual unanimous opinion that before any final decision is made the government of British Columbia and the federal government should undertake a thorough investigation of the Jumbo pass route.

I am not speaking tonight for one party or for one section. What I am saying tonight, Mr. Chairman, has the support of the residents of the southeastern portion of British Columbia, the various interested organizations and the great majority of hon. members of all political parties in that area. I think it is a fair request. They are not suggesting that this is the best route but the exploratory survey, the reconnaissance survey and the general knowledge of the topography possessed by qualified engineers, indicates it is a route that should be most carefully investigated before a final decision is made. That is all the people of southeastern British Columbia are asking.

I do urge that the parliamentary assistant and the minister give our representations very favourable consideration and do what we think is only prudent, wise and necessary; that is, undertake a thorough survey of the Jumbo pass route before a final decision is made as to the route of this section of the trans-Canada highway.

Mr. Leboe: Mr. Chairman, I certainly am not going to take very much of the committee's time tonight, but I would like to make a few remarks concerning this resolution.

In the first place, as has already been pointed out, there are some portions of the highway on which the route has not yet been decided. As far as I am concerned I would prefer to leave that decision to the engineers. I understand that both federal and provincial men are now working together in the investigation of the best possible route. I will certainly feel satisfied that with the provincial and federal governments working together they will come up with the best possible route for the trans-Canada highway.

I am not considering for a moment that the trans-Canada highway is the answer to our problem. I think, of course, that we should have a trans-Canada highway system; however, that is not within the scope of the resolution.

I believe that British Columbia is going to spend $80 million this year in its highway program. A great deal of that money is going into the construction of east-west highways. We realize, of course, as has already been pointed out, that much money needs to be spent in British Columbia, particularly in those difficult sections of the country where we have to pass through the mountains and where a great deal of rock work is involved. I believe these things will be worked out in due course.

I still feel, and I think justifiably, that while the department is moving in the right direction in contributing 90 per cent of 10 per cent of the highway, its contribution remains inadequate. I believe we should have a trans-Canada highway financed by the federal government.

There is one other point which concerns me, and that is the co-operation between the Department of Public Works and the Department of Northern Affairs and National Resources as it has to do with the parks. I think we should now be budgeting for moneys to bring the park roads up to trans-Canada standards, not only those roads which pass through Banff and Yoho and the parks which trans-Canada will pass through but also in other parks such as Jasper. I think it is essential that there be co-operation between the two departments in having a through road for trucking and the free-wheeling of motor vehicles through these parks.

I cannot understand why trucks should be denied the right to travel on the roads in national parks through the mountains of British Columbia. They should not be told, "Trucks cannot go through here; this is only a tourist attraction". The passes through the mountains are in the vicinity of parks, particularly in the cases of Banff and Jasper. We must therefore have some co-operation and co-ordination between the departments in order to ensure that when trans-Canada is built and the provinces of Alberta and British Columbia have fulfilled their obligation, we are not going to have a bottleneck in the parks.

According to the report which I have in my hand dated March 31, 1955, it is evident that at the present time we are behind schedule in the building of the trans-Canada highway through the parks. I would urge that the government acquaint itself with the situation, knowing full well that once the green light is given to the government of British Columbia in respect of building their share of the highway, much pressure will be

brought to bear to get it finished. We would not like to see a situation where the Alberta and British Columbia sections were finished and we had a bottleneck for which the parks administration were responsible.

Mr. Fulton: Mr. Chairman, in connection with this discussion of the resolution which stands in the name of the Minister of Public Works to provide for an increased federal contribution to the cost of construction of the trans-Canada highway, I think there are a number of things that have to be said. The first of these is a somewhat critical comment to the effect that there is no field in the general realm of national development in connection with which this government deserves more criticism than in the field of trans-Canada highway policy. The federal contribution is so insignificant as to amount to practically nothing. The lack of a trans-Canada highway is one of the most serious deficiencies in any program of national development, particularly in any program for the co-ordination of movement between provinces.

It is interesting to recall that the question of contributions by the dominion government to the cost of highways generally in Canada was first mooted in this house as long ago as 1912 under the government of Sir Robert Borden, when it was proposed that the dominion government should make contributions to the provinces on a per capita basis toward the cost of road construction. That bill passed the House of Commons but was defeated in the Senate. You will recall that in 1911 there had been a change of government after a long period under the government of Sir Wilfrid Laurier. The political complexion of the house changed but the political complexion of the Senate remained as it had been since 1896, and the other chamber saw fit to defeat the bill introduced by the government and passed by the house.

The government introduced the same bill in 1913 to provide for federal contributions to the cost of highway construction in the provinces, but that bill suffered exactly the same fate. It passed the House of Commons but was defeated in the Senate. Of course the outbreak of the first world war in 1914 shelved proposals of that nature. The record is that the first proposal for federal government contributions to the cost of highway construction was brought in by the government of Sir Robert Borden and put through the House of Commons.

It is significant to recall that since 1913 the Liberal government, of which the present government is a descendant, has been in power for 28 years, with a Conservative government for only five years, regrettably of course. Out of that we would take the period of the war. Taking into account or not including the period of the war and the immediate first post-war years, we find that since 1921 this government or its predecessors, those who follow the policies of the party of which hon. members opposite forming the government are members, have been in power for 28 of those years and we have not yet got a trans-Canada highway.

It is late enough for this government or any government to be bringing in this half-way measure which is preceded by the resolution now before the house, which reads:

> That it is expedient to introduce a measure to amend the Trans-Canada Highway Act . . .

Expedient? It has been a necessity for many years, but the government is just getting around to introducing a half-hearted measure designed to make it possible to complete the trans-Canada highway. They still do not contemplate it being completed until 1961, because in the resolution it is stated that the cut-off date will be May 31, 1961. They still are not prepared to take all the measures necessary to ensure that the trans-Canada highway will be completed by 1961 because there is a term of the proposed legislation which does not appear on the face of the resolution. The resolution provides:

> . . . that the Minister of Finance may pay a higher contribution for a portion of the highway in a province not exceeding 10 per centum thereof . . .

We know as a matter of fact that the bill to be based on the resolution will provide that the federal government may pay up to 90 per cent of the actual cost of construction in a province, but not for more than 10 per cent of the length of the highway in that province. So this government is not yet ready in this year 1956 to accept its responsibility of ensuring that there shall be an adequate system of coast to coast communication in Canada. It is still a pass the buck measure. Having grabbed all the tax resources, having grabbed the financial buck, they pass the political buck back to the provinces.

That is the attitude of this government, and that has been its attitude throughout toward this vital question of the responsibility for ensuring a coast to coast highway system in Canada. The program of this government falls short of what is necessary, and it is interesting to compare the situation in Canada with that in the United States where they have had a federal highway system and a federal highway program in being for some 50 years. That federal highway system and federal highway program have resulted in the development and construction, if my information is correct—this subject was sprung on us without notice, and it has not been possible to gather together all the information one

might have available in his files—of at least ten main east and west roads and some 30 or 40 main north and south roads, a total of some 40 federal highways in the United States of America.

We in Canada have not yet one trans-Canada highway, not one. This measure will not provide adequately for the completion of that one trans-Canada road by 1961. The inadequacy of the proposal of the dominion government to pay up to 90 per cent of the cost of a maximum of 10 per cent of the length of one highway in any province can readily be understood when you look at the situation in the province of British Columbia.

I believe that in Canada there are two provinces which face the maximum of difficulty and cost in connection with road construction, these being Ontario and British Columbia. British Columbia is faced with the highest per-mile cost of road construction of any province in Canada. Taking the east and west roads, there are four major mountain ranges to cross. Starting on the east are the Rocky mountains with peaks up to 12,000 feet. Then there is the Selkirk range with peaks up to 10,000 to 11,000 feet. Then comes the interior plateau, on which my own constituency is situated, made up of rough terrain, broken rocky hills with some level valleys but still offering a difficult problem in road construction. Then comes the Cascades range with peaks up to 8,000 to 9,000 feet and then the coast range which comes within a few miles of the narrow coastal belt along the Pacific coast. So there are those four major mountain ranges to cross.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of George Francis Alfred Yull.

An act for the relief of Joyce Ethel Jaques Horgan.

An act for the relief of Jean Thomson Duquette.

An act for the relief of Rosa Straub Gehlsen.

An act for the relief of Cecil Bezeau Barnabe.

An act for the relief of Dora Gina Costello Dash.

An act for the relief of Fernand Desmarais.

An act for the relief of Elsie Abbott Marsden.

An act for the relief of Freda Ethelwinne Henders Jacobson.

An act for the relief of Hazel Loretta Noseworthy Johnston.

An act for the relief of Veronica Iris Collier Horvath, otherwise known as Veronica Cross Horvath.

An act for the relief of Maria Romano Bove.

An act for the relief of Nora Marian Tilley McBain.

An act for the relief of Marguerite Tremblay Nathan.

An act for the relief of Dolores Marion Zolov Karpman.

An act for the relief of Rosalie Rosetti Acason.

An act for the relief of Edmund Joseph Cochrane.

An act for the relief of Edna Hannah Keene Newberg.

An act for the relief of Charlotte Jean McAndrew Boyd Thompson.

An act for the relief of Wilma June Keast Noel.

An act for the relief of Patricia O'Neill Primiani.

An act for the relief of Evelyn Nellie Keemer Mein.

An act for the relief of Pierre Roger Vuille.

An act for the relief of Marie Gertrude Antoinette Hotte Ouellette.

An act for the relief of Euphrosina Kowalyk Whalley, otherwise known as Rose Kowalyk Whalley.

An act for the the relief of Matilda Stoner Adams.

An act for the relief of Gertrude Bailiss Goodlin.

An act for the relief of Leokadja Laura Rozycka Haber.

An act for the relief of Teofila Kurjata Marciniak.

An act for the relief of Shirley Gelber Kaufman.

An act for the relief of Margaret Pounden Greenstien.

An act for the relief of Gaston Maille.

An act for the relief of Mary Dufresne Cosco.

An act for the relief of Julienne Marchesseault Jasmin.

An act for the relief of Helen Mary Farrel Hickey.

An act for the relief of Hazel Mair Grant Mander.

An act for the relief of Joseph Roland Gaston Charette.

An act for the relief of Beulah Sybil Chapman Maus.

An act for the relief of John Elwood Way.

An act for the relief of Thomas Charles Desmarais.

An act for the relief of John Caldwell Scriver.

An act for the relief of Marie Therese Provost Lapointe.

An act for the relief of Margeryann Williams Farrow Chesney.

An act for the relief of Kathleen Birdie MacPhail Morgan.

An act for the relief of Sylvia Colato Le Pottier.

An act for the relief of Antonina Dieni Choumanchuk.

An act for the relief of Rena Amelia Duncan Chenier.

An act for the relief of Stanley Edgar Barnes.

An act for the relief of Molly Joyce LaPlante Baggott.

An act for the relief of Jean Dorothy McLean Lewis.

An act for the relief of John Walter Thoburn.

An act for the relief of Panorea Delaporta Alivizatos.

An act for the relief of William James Stoddart Edington.

An act for the relief of Audrey Hilda Voysey Beaudoin.

An act for the relief of Frederick Howard Blaikie.

The Royal Assent

An act for the relief of Muriel Tetreau St. George.

An act for the relief of Patricia Colleen Hewitt Nelson.

An act for the relief of Ruth Mildred Thompson McBain.

An act for the relief of Joseph Theophile Lambert.

An act for the relief of Lillian Baron Goodman.

An act for the relief of Madeleine Erna McArthur Blais.

An act for the relief of Queenie Molly Wolfson Phillips.

An act for the relief of Annie May Elizabeth Godson Brooks.

An act for the relief of Ada June Mannard Wilmoth.

An act for the relief of Rose Florczyk Greenwood.

An act for the relief of Beryl Grace Leaper Shufelt.

An act for the relief of Ralph Patrick Dowling.

An act for the relief of Alice Guernon Peladeau.

An act for the relief of Elizabeth Baird McDowall Whitlock.

An act for the relief of Adrien Patrick Dicaire.

An act for the relief of Jessie Altha MacBride Burnside.

An act for the relief of Marianne Adorjan Balogh.

An act for the relief of Helene Marguerite Peck Cooper.

An act for the relief of Una Margaret Prower Douglas Heubach.

An act for the relief of Hilary Hope-Hawkins Hardie Henders.

An act for the relief of Marie Arthemise Marguerite Denis Laperriere Mercier.

An act for the relief of Harry Hood.

An act for the relief of Delima Chalifoux Prevost.

An act for the relief of Frances Raven Sherman.

An act for the relief of Constance Louisa Kelly McKenna.

An act for the relief of Jean Mailman Greenleaf.

An act for the relief of Grace Elizabeth Davidson Alexander.

An act for the relief of Frederick Arthur Waltho.

An act for the relief of Jean Decary.

An act for the relief of Sylvia Barbara Murphy Simon.

An act for the relief of Amy Elizabeth Torrance Fraser Walker.

An act for the relief of Margery Cooper Mason.

An act for the relief of Caroline Scortaru Ungariano, otherwise known as Caroline Scortaru Ungar.

An act for the relief of John Joseph Rahilly.

An act for the relief of William Ross Gould.

An act for the relief of Morris Gilbert.

An act for the relief of Margaret McDonald Williamson Gebbie.

An act for the relief of Gwytha Olwyn Lillian Pring Evans.

An act for the relief of Georges Durand.

An act for the relief of Mary Rose Kenny Deline.

An act for the relief of Katherine Marle Saretski.

An act for the relief of Rose Juliana Evelyn Kedroskie Quincey.

An act for the relief of Jeanette Morin Parent.

An act for the relief of Mona Ruth Davis Goldberg.

An act for the relief of Ruth Goodman Silverstein.

An act for the relief of Simonne Auger Boule.

An act for the relief of Leslie Achibald Hood.

An act for the relief of George Hugh Wadge.

An act for the relief of Martha Bailly Maher.

An act for the relief of Helena Roy Buckland.

An act for the relief of Marion Mildred McKnight Newman.

An act for the relief of Marie Laura Francoise Lamothe Newcombe.

An act for the relief of Frances Caplan Sirota.

An act for the relief of Joyce Smith Gwinnell.

An act for the relief of Joan Sheila Rosser Roland.

An act for the relief of Shprintza Gelber Shildkraut.

An act for the relief of Sabina Rosensweig Rosenblum Faust.

An act for the relief of William Eugene Chabot.

An act for the relief of Joseph Charles Sylvio Demers.

An act for the relief of Florence Ethel Bigelow Hamilton.

An act for the relief of Amy Katharine Newman Cowans.

An act for the relief of Sara Martin Lesser.

An act for the relief of Annetta Smith Marchand.

An act for the relief of Sybil Violet Godfrey Russell.

An act for the relief of Dorothy Mary Humphreys Pepper.

An act for the relief of Roslyn Yagod Kivenko Belkin.

An act for the relief of Hilda Sarah Twyman Gagnier.

An act for the relief of Jessie MacFarlane Boyle Roberts.

An act for the relief of Donald Henry Emslie.

An act for the relief of John Wesley Hamilton.

An act for the relief of Lillian Hannah Maxwell Gallant.

An act for the relief of Gordon MacKay Butler.

An act for the relief of Eleanor Jodelis Milius.

An act for the relief of Marie Madeleine Rachel Gregoire Shank.

An act for the relief of Shirley Mildred Glazerman Wolfe.

An act for the relief of Dorothy Jean Midkiff Desnoyers.

An act respecting the general synod of the Church of England in Canada, the missionary society of the Church of England in Canada, the woman's auxiliary of the Church of England in Canada and the Church of England consolidated trust fund.

An act to incorporate Interprovincial Trust Company.

An act to incorporate the Canadian Equity Insurance Company.

An act to incorporate Hydrocarbons Pipeline Limited.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1957.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1956.

Trans-Canada Highway Act

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO PROVIDE FOR HIGHER CONTRIBUTION TO COSTS OF HIGHWAY

The house resumed consideration in committee of the following resolution—Mr. Winters—Mr. Applewhaite in the chair:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the Minister of Finance may pay a higher contribution for a portion of the highway in a province not exceeding ten per centum thereof; to extend contributions to costs incurred up to December 31, 1960 and to terminate all contributions on May 31, 1961; and to provide further that the aggregate of all expenditures under the act may be increased to a maximum of two hundred and fifty million dollars.

The Deputy Chairman: As it is past ten o'clock, shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Progress reported.

It being nine minutes past ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

DISABLED PERSONS ACT, MANITOBA

Question No. 161—**Mr. Bryce:**

1. How many persons in Manitoba have applied for assistance under the Disabled Persons Act, 1954, up to 31 January, 1956?
2. How many persons have been granted a full pension?
3. How many persons have been granted a partial pension?
4. How many persons have been refused a pension?

Answer by: **Mr. Martin:**

1. 2,462.
2. 652.
3. 70.
4. 1,484.

Of the applications received up to January 31, 1956, there were 256 classified as "pending" on this date.

The following table shows the case load of disability allowance recipients in each province as of January 31, expressed as a percentage of the provincial population:

	Provincial population	Cases in pay	Cases as percentage of population
B.C.	1,305,000	645	·049
Sask.	889,000	701	·079
Man.	849,000	716	·084
Alta.	1,066,000	1,135	·106
Nfld.	412,000	574	·139
Ont.	5,183,000	7,425	·143
N.B.	558,000	898	·161
N.S.	683,000	1,140	·167
Que.	4,520,000	11,087	·245
P.E.I.	108,000	290	·269

ASSISTANCE FUND EXPENDITURES

Question No. 262—**Mr. Brooks:**

How much money has been spent under assistance fund (W.V.A.) in each of the provinces up to January 1, 1956?

Answer by: **Mr. Lapointe:**

Statistics are maintained by districts of the Department of Veterans Affairs. The following table shows the location of the 18 district offices in Canada at December 31, 1955:

D.V.A. District	Amount expended
St. John's, Newfoundland	$55,326.56
Charlottetown, P.E.I.	37,483.33
Halifax, N.S.	181,175.11
Saint John, N.B.	225,345.16
Quebec, Que.	72,726.24
Montreal, Que.	487,151.64
Ottawa, Ont.	95,092.76
Kingston, Ont.	59,783.01
Toronto, Ont.	552,176.35
Hamilton, Ont.	104,259.30
London, Ont.	172,262.26
North Bay, Ont.	77,375.02
Winnipeg, Man.	264,035.60
Regina, Sask.	84,021.48
Saskatoon, Sask.	70,698.21
Calgary, Alta.	73,763.56
Edmonton, Alta.	104,124.04
Vancouver, B.C.	972,571.08

IMMIGRATION—EAST INDIAN APPLICATIONS

Question No. 265—**Mr. Pearkes:**

1. How many applications for permanent entry to Canada have been received from citizens of India, Pakistan and Ceylon during the years 1954, 1955 and to date in 1956, under the following quota allocations from each country: (a) spouses of legal residents; (b) single children under the age of 21 of Canadian citizens; (c) fiancées of Canadian citizens; (d) parents, single brothers or sisters of Canadian citizens; (e) persons for economic or cultural reasons; (f) other classifications?
2. How many of the applications in each of these groups have been granted?
3. How many were refused for no other reason than that the quota had been completed?
4. How many East Indians are presently in Canada as temporary visitors?

Answer by: **Mr. Pickersgill:**

1. Statistics are not available in the breakdown requested.

2.

	1954	1955	1956 (to March 15)
(a) India	12	8	8
Pakistan	Nil	1	Nil
Ceylon	Nil	Nil	Nil
(b) India*	Not under quota	Not under quota	Not under quota
Pakistan	"	"	"
Ceylon	"	"	"
(c) India	9	9	11
Pakistan	Nil	Nil	Nil
Ceylon	Nil	Nil	Nil
(d) India	9	19	7
Pakistan	2	1	Nil
Ceylon	Nil	Nil	Nil
(e and f) India**	153	185	26
Pakistan	98	39	1
Ceylon	27	50	43

* Single children under the age of 21 of Canadian citizens are not subject to quota restrictions. Statistics are not available as to number of children admitted under this category.

** While the annual quota for citizens of India is 150, there were 33 additional quota numbers allotted in 1954 and 71 in 1955, to utilize unused quota numbers allotted in preceding years.

3. Statistics are not available.

4. Statistics are not available.

Questions

HANDICRAFT CONCESSIONS, NATIONAL PARKS

Question No. 320—**Mr. Bell:**

1. How are the concessions that include the sale of handicrafts and souvenirs administered in the national parks of Canada?
2. What are the dates, terms, names of contractees and length of said concessions, in Fundy national park, New Brunswick?
3. What efforts are made to encourage the sale of local enterprise in said concessions?

Answer by: **Mr. Lesage:**

1. Concessionaires who hold a lease or licence of occupation on public lands that have been made available for business purposes may obtain a licence to sell handicrafts and souvenirs under authority of the national parks business regulations.

2. There is only one lease or licence on public land in Fundy park in connection with which a business licence for the sale of handicrafts and souvenirs has been taken out. This was a lease issued to Oliver William Robert Smith and Marie Annie Helen Smith for lot 3, block 1, Fundy park townsite, for a term of 42 years from October 1, 1954, to September 30, 1996, at an annual rental of $20 with provision for review of rental at ten-year intervals. The business licence to cover the sale of handicrafts and souvenirs is issued annually at a fee of $15.

3. The choice of articles to be sold is considered to be the concern of the person operating the business. It is left entirely to the discretion of the concessionaire, provided that the terms of the business licence are observed.

FISHING SURVEY, KITIMAT

Question No. 339—**Mr. Hodgson:**

1. Has the Department of Fisheries made any survey of the Aluminum Company of Canada at Kitimat to determine any damage that might be done to the fishing industry by the operation of that development?
2. If so, to what extent?
3. Will the waste from the plant or town contaminate or pollute the waters to affect the fishing industry?

Answer by: **Mr. Sinclair:**

1. Yes.

2. Before the project was commenced engineers and biologists of the Department of Fisheries and of the international Pacific salmon fisheries commission spent almost two years assessing possible damage to fisheries from the whole project which involved the Kitimat plant and in designing remedial measures. As construction proceeded, each step was checked including the water supply to the town, sewage and other discharge.

3. Officials of the department are of opinion that the waste discharge will not affect fishing. This is being closely watched.

[The following items were passed in committee of supply]:

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

548. Payment to the national gallery purchase account for the purpose of acquiring works of art in conformity with section 8 of the National Gallery Act—further amount required, $885,000.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

549. To provide for official hospitality—further amount required, $12,000.

B—General—

550. To provide for the Canadian government's assessment for membership in international and commonwealth organizations, as detailed in the estimates, including authority to pay the amount specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1956—further amount required, $16,229.

Terminable services—

551. To provide for a gift of medical supplies and other emergency material as a contribution to flood relief for India and Pakistan, $100,000.

552. To provide for a gift of flour as a contribution to hurricane relief for Barbados, Grenada, St. Vincent and British Honduras, $50,000.

DEPARTMENT OF FINANCE

Administration of various acts and costs of special functions—

553. Administration of the Farm Improvement Loans Act and the Veterans' Business and Professional Loans Act—further amount required, including the costs of administering the Fisheries Improvement Loans Act and the prairie grain producers' interim financing program, $6,500.

Payments to municipalities—

554. Grants to municipalities in lieu of taxes on federal property—to provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations established by order in council of January 11, 1956, P.C. 1956-38, and to provide for payments to municipalities under order in council of October 6, 1954, P.C. 1954-1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required, including authority, notwithstanding section 7 of chapter 49 of the statutes of 1955 (an act to amend the Municipal Grants Act), for payment of grants under section 5 of the Municipal Grants Act to the municipalities of Midland and Welland, in the province of Ontario, and Ste. Foy, in the province of Quebec, $530,500.

Special—

555. To provide for the expenses of a committee to review and advise upon certain technical questions relating to the administration of the sales and excise taxes, $20,000.

556. To provide for the expenses of the royal commission on television and radio broadcasting, including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $34,000.

557. To authorize the expenditure for international relief purposes, or other relief purposes authorized by the governor in council, of the

unexpended portion of the grant made by the government of Canada to the Canadian national European flood relief fund by vote 572 of the Appropriation Act No. 2, 1953, $1.

DEPARTMENT OF FISHERIES

Field services—

558. To provide for the destruction of harbour and gray seals—further amount required, $3,000.

Special—

559. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council—further amount required, $72,249.

560. Amount required to recoup the fisheries prices support account to cover a payment that was made to the government of Newfoundland in the present fiscal year with respect to the 1953 production of salted codfish, $646,984.

DEPARTMENT OF JUSTICE

A—Department—

561. Departmental administration—further amount required, $16,000.

LEGISLATION

House of Commons—

562. General administration—estimates of the Clerk—further amount required, $65,000.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Surveys and mapping branch—

Canadian hydrographic service—

563. Construction or acquisition of buildings, works, land and equipment—further amount required, $850,000.

General—

564. Payments to the Royal Canadian Air Force and commercial companies for air photography, and to provide for the expenses of the interdepartmental committee on air surveys, including purchases of equipment—further amount required, $550,000.

B—Dominion coal board—

565. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $896,350.

NATIONAL FILM BOARD

566. To provide for the dismantling, conversion and installation of existing equipment, acquisition of new equipment, removal expenses and other costs related to the transfer of the national film board to new building—further amount required, $67,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Northern administration and lands branch—

Northern administration division—

Yukon territory including forest conservation—

567. Operation and maintenance—further amount required, $14,000.

DEPARTMENT OF PUBLIC WORKS

Property and building management branch—

568. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, heating, etc.—further amount required, $200,000.

Building construction branch—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

569. Prince Edward Island, $275,000.

570. Manitoba, $3,200,000.

571. British Columbia, $650,000.

Harbours and rivers engineering branch—

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

572. Newfoundland ($72,000, less the amount of $71,999 available from savings in other listed projects detailed in previous estimates for 1955-56 for this province), $1.

573. Quebec ($16,500, less the amount of $16,499 available from savings in other listed projects detailed in previous estimates for 1955-56 for this province), $1.

574. Alberta and Northwest Territories ($25,000, less the amount of $24,999 available from savings in other listed projects detailed in previous estimates for 1955-56 for this province), $1.

DEPARTMENT OF TRANSPORT

A—Department—

Marine services—

Pilotage service—

575. Administration, operation and maintenance—further amount required, $18,000.

Railway and steamship services—

576. Prince Edward Island car ferry and terminals deficit, 1955—additional amount in excess of the sum of $1,553,000 already appropriated, to provide for the payment during the fiscal year 1955-56 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 1955—further amount required, $71,639.

577. Maritime Freight Rates Act—additional amount in excess of the sum of $10,575,000 already appropriated for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1955-56, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways, and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1955 (chap. 174, R.S.)—further amount required, $605,342.

Pensions and other benefits—

578. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunication services transferred to Canadian National Railways—further amount required, $21,303.

General—

579. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $13,832.

580. Payment to the St. Lawrence seaway authority of an amount equal to the net proceeds realized from the sale of property under the administration or control of the authority and paid into the consolidated revenue fund during the current fiscal year, $80,000.

Air services—

Telecommunications division—

Airways and airports—radio aviation services—

581. Administration, operation and maintenance—further amount required, $50,000.

Meteorological division—

582. Construction or acquisition of buildings, works, land and equipment—further amount required, $194,000.

Civil aviation division—

Airways and airports—

583. Construction or acquisition of buildings, works, land and equipment—further amount required, including authority to charge to vote 499 of the Appropriation Act No. 5, 1955 (as supplemented), the cost of lands purchased, by means of loans provided for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports, that are not held for re-sale, $4,000,000.

584. Contributions toward airport development and other airport projects on cost-sharing basis, in the amounts detailed in the estimates—further amount required, $63,000.

B—General—

Canadian maritime commission—

585. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $127,771.

LOANS, INVESTMENTS AND ADVANCES

External affairs—

586. To provide for the advance to the cash reserve fund of the administrative budget of the intergovernmental committee for European migration in an amount of $85,100 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1956, which is, $84,990.

National film board—

587. To provide that during the current and subsequent fiscal years the expenditures made by the national film board and shown in the national film board operating account referred to in section 18 of the National Film Board Act may, notwithstanding subsection (4) of that section, exceed the receipts shown in the account by not more than $900,000 or such lesser amount as may be fixed by the treasury board, $1.

Trade and commerce—

588. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be credited expenditure made by and advances recovered from the said posts and employees, the excess of the amounts charged over the amounts credited to the account at any time not to exceed $250,000, of which $200,000 was provided under vote 657 of the Appropriation Act No. 2, 1952, $50,000.

Transport—

Air services—

589. To provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports—further amount required, $3,700,000.

590. To authorize the operation of a revolving fund in accordance with the provisions of section 58 of The Financial Administration Act for the purpose of financing the purchase of materials and supplies to be held in northwest communication system stores for use on both capital and maintenance works, the amount to be charged to the revolving fund at any time not to exceed $250,000, of which $100,000 was provided under vote 559, Appropriation Act No. 4, 1952, and $25,000 under vote 632, Appropriation Act No. 2, 1953, $125,000.

HOUSE OF COMMONS

Friday, March 23, 1956

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Fourth and fifth reports of standing committee on miscellaneous private bills.—Mr. Henderson.

LABOUR CONDITIONS

INDIANS AND ESKIMOS—CONDITIONS OF EMPLOYMENT ON D.E.W. LINE

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to address a question to the Minister of Labour. Can the minister tell the house whether or not he has investigated the conditions under which Indians and Eskimos will be working on the distant early warning line? Can he say whether or not the rates of pay they will receive will be comparable to rates paid other workers doing comparable work?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I should like to take notice of the question in its detail but I can assure the hon. member that in connection with the employment of workers on the D.E.W. line, the Department of Labour and the national employment service work in close co-operation with the other departments concerned. However, I shall bring down an answer in detail to the question.

Mrs. Fairclough: Perhaps the minister would permit a supplementary question. While he is investigating this condition, would he also get information with regard to unemployment insurance coverage for these workers?

Mr. Gregg: I will do that, Mr. Speaker.

THE VICTORIA CROSS

PROPOSED TRIP OF CANADIAN HOLDERS AND RELATIVES TO CENTENNIAL

On the orders of the day:

Mr. John M. James (Durham): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs. Is the minister in a position to give the house a progress report on the proposed trip of the Canadian Victoria Cross holders and their relatives to the Victoria Cross centennial to be held in the United Kingdom this year?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, to date 36 Canadian holders of the Victoria Cross out of a total of 38 have signified their intention of attending the celebration this year. The department has not heard from the other two veterans. In addition, there are four British Victoria Cross holders who also signified their intention of making the trip. To date, 32 relatives of Victoria Cross holders and also 17 next of kin in connection with posthumous awards and 10 in connection with deceased awards have also notified the department they intend to make the trip. This, therefore, makes a total of 99 persons. Approximately one-half of the above noted persons will be travelling by air and the others by sea.

HOUSE OF COMMONS

SUGGESTED SETTING UP OF COMMITTEE TO STUDY RULES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Prime Minister if, in view of what might be described as some spirited discussion in the house of late on the matter of rulings, the government would consider setting up a committee on rules with a view to giving study to some of the problems that have arisen in recent days?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, a similar question was asked a few days ago. I do not think it is necessary at this time to set up a committee to give further consideration to the rules that were adopted after very lengthy discussions last year.

HEALTH AND WELFARE

REPORTED REQUEST FOR RECONSIDERATION OF JOINT LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Has the minister received a request from the minister of public welfare in the province of Ontario for a reconsideration of some of the legislation administered jointly

by this government and the provincial governments in the social welfare field? Will consideration be given to this request?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I did see the story in the morning paper, and I must say that I was a little surprised at what the minister is reported to have said. I would want to make sure that he really in fact said what he is reported to have said.

OLD AGE PENSIONS

ONTARIO—SUPPLEMENTAL ALLOWANCE TO THOSE IN NEED

On the orders of the day:

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I should like to make a correction in a reply which I gave on Tuesday of this week to a question put to me by the hon. member for Peterborough (Mr. Fraser). The question was about the latest supplemental allowance recently announced by the government of Ontario.

I stated in error that this allowance is provided wholly by the provincial authority. My hon. friend will remember he asked me that question and I said it was provided wholly by the province. In fact, I find now that the allowance is provided in the initial instance by the municipal authority which determines the amount to be paid, and the province reimburses such payments to the extent of 60 per cent up to a maximum of $20 in any one case. This means that the municipality bears the remaining 40 per cent.

I might add that there are 21,790 old age assistance cases in the province of Ontario, 7,464 disability allowance cases, and 1,723 blindness allowance cases. Not all of these cases, however, receive the supplemental allowance. The latest information is that the number receiving the supplemental allowance totals approximately 2,000 in the entire province, with about 1,200 of these being centred in Toronto.

I said the other day that 90 per cent of the cost of the assistance given to the aged of our country was borne by the taxpayers of Canada through recommendations made by this parliament. Obviously, I was in error; the amount is a much higher percentage.

Mr. Fraser (Peterborough): Mr. Speaker, there was something else the minister did not say when he mentioned there were three other provinces that paid more than Ontario. He did not say that those were not Liberal provinces.

[Mr. Knowles.]

NATIONAL DEFENCE

D.E.W. LINE—REPORTED COMPLAINTS OF WHITEHORSE BOARD OF TRADE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Prime Minister. Has the government received representations from a special committee of the Whitehorse board of trade complaining of a disregard of Canadian sovereignty, of Canadian law and also of Canadian contractors in the construction of the D.E.W. line and, if so, what action is the government going to take to investigate these complaints?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, if there have been complaints they have not yet come to my attention. I will make inquiries and give an answer after I have secured the information.

MANNING AND OPERATION OF EARLY WARNING LINES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I would like to direct a question to the Prime Minister. Is the Prime Minister in a position as yet to answer the questions that were asked on Tuesday last by the hon. member for Rosetown-Biggar (Mr. Coldwell) and myself in respect to working conditions and unemployment insurance coverage on the D.E.W. line?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. I have not yet all the information gathered together. I inquired about it this morning and it is progressing. I hope to have it at an early date.

CANADIAN PACIFIC RAILWAY

CROWSNEST PASS-PINCHER CREEK—INQUIRY AS TO CONSTRUCTION OF BRANCH LINE

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Has an application been received from the Canadian Pacific Railway seeking authority to construct a 22-mile branch railway line to link its Crowsnest pass line with the Pincher Creek gas field where large volumes of sulphur and liquid by-products of gas are expected to be made available for shipment by rail to various markets in Canada and elsewhere?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I think that question should obviously have been addressed to the Minister of Transport (Mr. Marler), but he tells me that the answer is no.

ATOMIC ENERGY

INQUIRY AS TO INVITATION TO HYDROGEN BOMB TESTS IN PACIFIC

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I would like to address a question to the Minister of National Defence. I wonder if the minister is in a position to answer my question of March 13 as to whether the Canadian government has been invited by Washington to send observers to the forthcoming United States hydrogen bomb tests in the Pacific and, if not, has the Canadian government considered making such a request?

Hon. R. O. Campney (Minister of National Defence): No, Mr. Speaker, I am not yet in a position to give an answer to the question. I have just returned to the house after a few days absence and shall be glad to look into the matter and deal with it shortly.

CUSTOMS TARIFF

REQUEST FOR TABLING OF CERTAIN JUDICIAL DECISIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Would the minister be prepared to table the judicial decisions of the tariff board relating to parts for agricultural machinery to which he referred on Tuesday night.

Hon. W. E. Harris (Minister of Finance): I do not think that is necessary, Mr. Speaker. I shall be glad to provide a copy of the judgments for my hon. friend.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, March 20, consideration of the motion of Hon. W. E. Harris (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 (Greenwood): Mr. Speaker, we have now had some days in which the public has been able to take stock of the budget presented by the Minister of Finance on Tuesday night and it seems to me there has been a singular unanimity with regard to it. The unanimity was perhaps best expressed by a sports broadcaster, I believe, who said on the air last evening that in the budget the score was 0-0. I hope, Mr. Speaker, it will be realized that this fact makes my task difficult. It is difficult to make a dent in a rubber ball and it is difficult to make bricks without straw; but I must simply do my best.

It is, of course, obvious to everyone, and indeed I am not sure it has not already been said, that this is not a budget at all but a prologue to a budget. This is merely holding the line. Of course next year we will hear the story. We are all familiar with the saying of the great French king who said, "L'État, c'est moi." However, I doubt if he ever carried it quite so far as this government carries it. It seems to me that what is happening now makes it clear that in the minds of the government they believe that their remaining in office is a matter of supreme importance, not only to themselves but apparently somehow or other they have made themselves believe that it is important to Canada as well. I do not know how they do that.

In effect what they do is to come to the taxpayers and say, "We are in a very comfortable position, thank you; we have $26 billion gross national product and that leaves us in a good position because it means that taxes have rolled in abundantly, beyond what we could have asked or thought; so we are able to tell you the taxpayers, that there is no need to increase your taxes; however, on the other hand you realize that to lower your taxes now would be quite childish foolishness; what is the use of our lowering them now, the time to lower them is next year."

Admittedly the minister cannot say that and I have to say it for him. There are a lot of people saying it for him and I would like to associate myself with them. He is in a difficult position. I suppose if he had had his own way he would not have made a speech at all, he would have just made a little announcement as to one or two changes. However, you cannot do that very well. After all, the minister has to have his flower in his buttonhole, he has to make an entry into the house, he has to be received, he has to be photographed; that is all part of the performance, that is all part of public relations and nobody should complain.

What did we have? We had some amiable generalities about the economic position. I think the minister was a little cramped by the fact that the Gordon commission has been asked to become the brains of the government and therefore he had to be a little cautious about what he said. Then we

had an apologia for the arrangement with the provinces, but I am not going to go into that. I am only going to quote the homely words of the premier of Ontario which seemed to me to be an apt commentary on all the philosophical hair-splitting that we had from the minister the other day. I liked what the premier of Ontario said, that the government had just rolled over in bed and given us what we were entitled to. That seemed to me to put it most tellingly. Perhaps if the minister had thought of those words he would have used them himself.

I just want to make one other comment on dominion-provincial relations. It is of course quite clear that we are still in the realm of doles, that we have not yet grappled with the problem which is not to make grants to the provinces but to set up the provinces on their own feet and give them a chance to be self-sustaining. I see the Minister of Finance (Mr. Harris) shakes his head.

Mr. Harris: I was just hoping my hon. friend would go on and explain how that could be done.

Mr. Macdonnell: I shall have a word or two to say about that. It could only be done if there were an entirely new approach to the whole thing. I agree that there has to be something done that has never been attempted in the philosophy of this government, particularly vis-à-vis the maritimes. I agree with the minister on that, and I shall say more later. I shall say no more about dominion-provincial relations. I just repeat that unfortunately we are left in the position where we can conclude that the government had concentrated on their own affairs and not on those of the community, particularly those elements in the community which, as I shall point out, are in distress.

I should think that private members on the government side, who came down here, I am sure, with the idea that they were serving the public, must be taken aback by that. On the other hand, of course, they no doubt are getting the one-party mind. They are reminded they have been here 20 years. It is wonderful how often we have to go back to the Minister of Trade and Commerce, but then he says so many interesting things. It is rumoured that the Minister of Trade and Commerce has told them that if they are good boys there is no reason why they should not be down here for 50 years.

We must be fair. We must admit that the government has not always been as inefficient as it has been in the last couple of months. We have to admit that they do show a certain efficiency in approaching the election issue. So the people of Canada must wait, and then a new light will appear, probably from the Minister of National Health and Welfare, and they will be offered new inducements paid for with their own money.

Mr. Martin: You seem to be worried about the Minister of National Health and Welfare.

Mr. Macdonnell: I have known the Minister of National Health and Welfare a long time and I have watched with great interest his progress in different ways, and I am sure he will not mind my commenting on it. These electoral inducements are interesting, and I hope both the electors and the press will pay great attention to them. We discovered a year ago, what perhaps we were in danger of forgetting, how powerful the press can be. And I hope they will show themselves powerful again.

As I listened to the minister and his explanation of the income for this year and next year, I was reminded of a remark that I think his predecessor made once, to the effect that government receipts and disbursements were flexible things and that it mattered a good deal whether a payment or a disbursement was made just before or after the end of the fiscal year. I wondered whether perhaps the minister had that in mind and whether in his innocent way, because after all he is innocent, he might have done something in the way of accelerating or delaying payments. I wonder if the minister thought of that. I wonder if perhaps he made this empty budget still a little more empty in order that there might be a larger and more fertilizing flood to be let loose next year.

Mr. Harris: Perish the thought.

Mr. Macdonnell: At any rate this is an empty budget. Somebody has called it a Mother Hubbard budget, and certainly I think the cupboard is bare enough as far as the taxpayers are concerned this year. But that is because the government must have glittering prizes next year. Health is often mentioned as the ace of trumps for next summer. But there are reassuring signs of criticism in the press, signs that these slick tactics are not wholly approved.

I think I would have taken all of this more or less in good part, and I would not have felt indignant about it, as I do feel, if in fact throughout Canada we had no elements among the taxpayers who were suffering, but I believe we have and I believe there has been a notable failure on the part of this government to attempt to deal with what I would call the soft spots.

Although they have a roaring boom in the United States they are trying to deal with the soft spots, but I want to put a word in here as earnestly as I can for the hundreds of thousands in Canada who are not getting

a fair share. There is not a word of cheer for them in the budget, not even a recognition of their problem. They are the forgotten men and women. What about the unemployed? What about the maritimes? What about the textile workers? What about the rapid buying up of Canadian companies which is causing serious alarm in many circles? These problems are not dealt with. They are not even recognized. Why the neglect? Well, it might be answered that the Gordon commission is going to settle everything, but after all, all that the Gordon commission can do is make a report. In all likelihood, what it will do is to touch off more political discussion, and to say that those who need adjustments are going to wait for months and months while that is done is to talk political nonsense.

No doubt the report of the commission will be made before the election. No doubt it will be regarded as another trump card, but that is not to say that the things which should be done are going to be done in a hurry. At the present time the commission is head over heels in work. It has received, of course, scores and scores of briefs and it is now employing probably scores of economists who are working for it and producing further material.

The budget was not an interesting budget but there were one or two interesting things in it. I want to mention one in particular. One thing I liked very much was that the minister went out of his way to make flattering remarks about certain of his colleagues and really tried to create the impression that the cabinet is now a band of brothers. One does not know whether that is true. Rumours do get about, but at any rate I should like to draw attention to the fact that the minister rather went out his way, I thought, to refer to some of his fellow members of the cabinet. I did not know whether he was preaching for a call. I did observe that those who were referred to were, if I may venture to say so, not very likely contestants at the next party convention. At any rate, I do not want to impute any motives to the minister and I will simply read the references and let them speak for themselves.

The first one was with regard to the Minister of Trade and Commerce (Mr. Howe). As I said a few minutes ago, how we do come back to the Minister of Trade and Commerce! I hope he does not mind.

Mr. Howe (Port Arthur): I am neutral in this debate. Why pick on me?

Mr. Macdonnell: I know the minister does not approve of many debates and maybe he does not approve of this one, but I know he will forgive me for any references I may make to him. It is only because one meets him going and coming and one gets very familiar with him. The Minister of Finance (Mr. Harris), in referring to his own optimistic predictions of a year ago, said, as found at page 2325 of *Hansard* of March 20:

> As a matter of fact, at a later time during the year, someone wrote that he could only conclude that some of the optimism of the Minister of Trade and Commerce had rubbed off on the new Minister of Finance. I would like to say that I would be happy if other qualities of the Minister of Trade and Commerce were also to rub off on me.

Mr. Knowles: Which ones?

Mr. Macdonnell: This is a pleasant compliment but it also imposes a heavy responsibility on the minister if he is going to become a model to all the younger men in the cabinet. Of course it made me think, what would the cabinet be like if it were full of C. D. Howes? That is a very interesting question to me. I remember somebody saying years ago, would it not be a wonderful thing if you could have the 265 ablest men in Canada all elected to the House of Commons. Some other man, shrewder and wiser, said that it would make government absolutely impossible because each one would want to be the leader. As I say, what kind of a cabinet it would be I do not pretend to guess. I would be inclined to say, what price democracy if you had a cabinet full of masterful people like the Minister of Trade and Commerce (Mr. Howe), but that is as it may be.

Now then, next we have a reference to the Minister of National Revenue (Mr. McCann). The Minister of Finance says, "May I express my appreciation to the Minister of National Revenue and his staff for collecting such a tremendous sum of money." The minister does, indeed, collect a tremendous sum of money, but of course he does this as the agent of the Minister of Finance. I repeat what I said the other evening that the minister who 18 months ago expressed awe at the power he had has quickly got used to it. It gets them all, this spending habit.

Now, the Minister of Finance went on to speak about the Prime Minister (Mr. St. Laurent) and the Minister of Justice (Mr. Garson). We were told the Prime Minister has lived with the problems of dominion-provincial relations for some 18 years, ever since he became counsel for the Rowell-Sirois commission. I have no doubt the Prime Minister was a very able counsel to the Rowell-Sirois commission, but I am quite confident that the Prime Minister had many other things on his mind, if not then certainly since that time. It seems to me a rather pleasant exaggeration to say that he has lived with these problems, because after all he was at

one time minister of justice and at another time secretary of state for external affairs. Then, we have the reference to the Minister of Justice. As to that, I would say that since he left Manitoba I think we have come to regard him as one of the great centralizers.

Now, Mr. Speaker, I hope I may be forgiven, but this handing out of bouquets turns my mind back two or three years ago to a very interesting incident in this house when, for some reason that I have never found quite clear to my mind, the Minister of Agriculture (Mr. Gardiner) launched out in praise of the Prime Minister, the Minister of Trade and Commerce and himself. He enunciated a theory which may be interesting even now, because after all the reference to the Prime Minister made then may still be very much in point. I think if we look back to what has happened during this session we may hope very much that it is in point. The Minister of Agriculture said this as far back as 1951, as reported at page 2046 of *Hansard* for April 16, 1951:

> As long as the three of us—

That is the Minister of Agriculture, the Minister of Trade and Commerce and the Prime Minister.

> —remain where we are I think it will be fairly generally agreed across the country that we have an exceedingly good government.

Now, I envy the minister for being able to say that. I wish I were able to feel as pleased with myself as that. At any rate, there it is and it speaks for itself.

Then, he goes on to make what to many of us may seem an even more interesting comment. He said, "One of the reasons why we are satisfied to be where we are is because we both know we can afford to make statements, knowing that we might be incorrect, because we have a leader who does not make many mistakes." I was very interested in that because it seemed to indicate a situation where it did not matter very much what the other members of the cabinet did so long as there was a Prime Minister there who did not make many mistakes. This seemed to me to be a kind of blessed irresponsibility which I think is very comforting to the other members of the cabinet.

I come now to speak about some of the forgotten men and women. I wish to say a word about unemployment. Everyone will remember, I think it is less than two years ago, September, 1954, in fact, when the Prime Minister launched out and made a statement which sounded like a kind of clarion call. He said, "We have a country where there should be work for everybody and if we are not smart enough to organize the economy of the nation to provide work for everybody we are incompetent—"

Some hon. Members: Hear, hear.

Mr. Macdonnell: He goes on to say, "I cannot give details but I am convinced that if my colleagues and I cannot organize economic controls in such a way that there will not be any long periods of loss of work for those who want to work, then throw us out and put in our place people who can do better." That was the Prime Minister's statement. As I say, it was a kind of clarion call but the voice of the trumpet was not so clear when the Prime Minister got back to the House of Commons. In January, he was not quite taking the same line. In January, 1955, he said this, and this seems to me like rather the feeble voice of the flute as compared with the trumpet. "There is some unemployment in Canada. There has been some unemployment in Canada every year. That situation has eased as the season advanced and there is reason to expect that it will do so again." Now, that seems to me a very disappointing outcome.

I shall quote a few figures to show what the situation is this year. It is bad enough, but not as bad as a year ago. The figures this year are, however, in all conscience, bad enough. In February, 1956, unplaced applicants were 515,000, almost 100,000 less than 1955 but 113,000 more than in 1953. Those without jobs and seeking work numbered 308,000, almost 70,000 less than a year ago but approximately the same as 1954. No one could be happy with those figures, but what is being done about it? Here are the words of the Minister of Labour: "I hope and believe we are learning many things which will be useful to us in the future."

It is interesting to note that in the United States they do not act in this negative manner. They really try to do something. They have soft spots there. They use various means to deal with chronic unemployment. Incidentally, they have been trying to help small businesses, too, which has an impact on unemployment. They have an organization that does that which has made 1,645 loans in the last period with an expenditure of $83 million. Now, that is the attitude which they have and so far as we are concerned it seems to me we must call the government back to duty. We must remind them that these are fellow citizens who are entitled to be considered, and that it does not help them very much to be told that we expect this year a G.N.P. of $28 billion. They are not interested in billions, millions, thousands or even hundreds. What they are interested in is being able to earn their day to day living as self-respecting men and women.

I wish now to say a word about the maritimes and I wish to stress that as strongly as I can. I feel very deeply about it. Here again we need an entirely new approach. It is not surprising that people from the maritimes say that when they come up to a meeting in central Canada they feel like poor relations. They feel they are not wanted. One of them said he felt almost as though he got a slap in the face. Here again, so far as I can see, there is no intention of grappling with the problem seriously. All that is being done is that the maritimes are being given a subsidy to put them off, to keep them quiet. This has been the case, notwithstanding the years of huge expenditures. If ever there was a time when industries could have been set up in the maritimes it was within the last few years. What we want is a new look, not palliatives and not one commission after another, each doing a little tinkering and recommending concessions in railway rates or other concessions. We want a new approach.

After all, confederation was a great act of faith and imagination but it did not, in itself, assure an adequate and effective economic background for the federal system. It was clear from the outset that the maritimes were taking far more risk than the rest of us. They were jeopardizing their north and south trade to a far greater extent than the rest of Canada was. Happily, in the early years, there was prosperity, which helped confederation on its way. Britain was booming; the United States was undergoing great railway expansion and there was for a few years satisfactory prosperity. The people of the maritimes look back on that now as a kind of golden age that they can hardly remember, and especially when times are prosperous in central Canada and the rest of Canada. They feel, and let no one be surprised, that they have not had a fair deal.

I have known this, of course, but it has been rubbed into me; it has been impressed on me far more than ever before by things which have been used in this House of Commons recently. The member for Queens (Mr. MacLean) said a thing a few weeks ago which startled me. He said, as reported at page 378 of *Hansard*:

> For more than 80 years confederation has hung like a killing blight over the economy of the maritimes.

A killing blight, Mr. Speaker.

Now, he might soften that remark a little; he might lessen the 80 years a little because the first few years were prosperous, but when a serious man who has served his country both in peace and war can use language of that kind, then I say it is time for the rest of us to have a new look.

I shall now give a few figures as to the economic position, but before I do that I want to remind the house that not so long ago, I think it was the hon. member for Cape Breton South (Mr. Gillis) who said that men had gone from the maritimes to New Zealand looking for work. That is a thing which every hon. member should regard as a personal responsibility of his own to prevent.

Let me give a few figures as to the economic comparison. In the three maritime provinces in 1946 the income per member of the labour force was $307, or 15 per cent below the national average. By 1949 the difference was $573, or 23·1 per cent. By 1953, it was $770, or 22·7 per cent. If we took this percentage at so much per head the disparity would be greater than that.

Let me give one or two figures as at the present moment. If we take unplaced applicants as the percentage of labour supply in February, 1956, we find that the percentage for the whole of Canada is 11·7. For the three maritime provinces it is 17·5 per cent, and for the four Atlantic provinces it is 19 per cent. The figure for persons without jobs and seeking work as a percentage of labour supply for the whole of Canada is 7 per cent; for the three maritime provinces it is 11·1 per cent; and for the four Atlantic provinces it is 10·8 per cent. These are figures, Mr. Speaker, which should strike every one of us and which should be intolerable for us to hear. We should never rest until we have remedied the condition.

There was an excellent debate in this house the other night, and I should like to paraphrase one or two of the things that were said because, happily, during the debate views were expressed on all sides of the house. Maritime members on all sides of the house stood up and expressed themselves. The hon. member for Inverness-Richmond (Mr. MacEachen) had something like this to say. He said that he believed we were really following a great historical tradition when we talk about policies which may serve to build up areas of Canada which up to the present time have not participated in our prosperity in the manner that we all desire. Later on, the hon. member said—and I commend this especially to members of the government:

> It is through acceleration, with present government services directed with greater intensity to what might be called special areas that much can be done.

How true that is, and how absent we find any suggestion of intensity. That is what we need. As I say, we need a new look.

I am happy to say that the premier of Ontario has expressed himself in no uncertain way in this matter. It is a question for this house, and I hope the debate will continue as a top priority problem, and that hon. members on all sides will express themselves. That will be the only way to cure the lethargy, to inspire the indifference, and to show the government the way to action.

The minister asks me for a way to do it. I have no detailed plan of how to do it but what I am saying is this. The first prerequisite as to how to do it is to believe it is necessary that it should be done, and I am quite satisfied there is no such belief in the government at the present time.

Now, let me give a word from Mr. Frost. I am quoting from the *Globe and Mail* of March 10, and this is a Canadian Press report:

> Mr. Frost was particularly concerned about the future of New Brunswick and Nova Scotia.

I was glad to read that. I am afraid that sometimes in Ontario we do not appear as interested as we should be; therefore, I was glad to read this from Mr. Frost. I continue:

> For these two provinces Mr. Frost had earlier urged an annual federal subsidy of $10 million each.
>
> This amount, really very little by comparison with what the federal government takes out of the provinces, spells the difference between prosperity and depression for these maritime provinces.
>
> It will not be too long before the federal government regrets the action it took today.

Added to this comment is a further one from Premier Frost which represents an overall expression of the premier's position with regard to the federal government's proposal:

> They were wrong in 1945; they were wrong in 1952, and they are wrong today.

Not only the premier of Ontario, but another provincial premier has expressed his alarm at the way the shoulder of the federal government is turned to the maritime provinces. There was a Canadian Press dispatch of March 13, but I have not it here. It was a statement by the premier of Saskatchewan also agreeing that the maritimes should be more fairly dealt with.

In his report to congress of last November the president, among other things, said that much had been done to improve and stimulate the United States economy. He referred to the curtailing of government activities that could be handled as well or better by private enterprise. He is following the advice that Churchill gave not so long ago in telling the governto "get out of the way". In that connection, I want to say a word about Trans-Canada Air Lines. I want to do this because it is clear that there is a widespread feeling across Canada, as shown by the press, that this monopoly should come to an end. It really has become a case of the Minister of Trade and Commerce (Mr. Howe) *v.* Canada. I wish to put in several quotes from the press across the country. We have heard a great deal from our government about preserving private enterprise and competition, but let us look at their actions. Here is what the Winnipeg *Free Press* has to say:

> It is high time that the government's policy on transcontinental air service was changed so that Canadians from coast to coast may enjoy the benefits which would accrue from T.C.A. having a little competition.

Arthur Blakely, writing in the Montreal *Gazette,* said:

> It is quite clear that trade minister C. D. Howe who maintains a fatherly interest in all crown corporations will fight tooth and nail for the preservation of the monopoly. He would, if that were possible, be even less enthusiastic about any proposal to sell T.C.A. on the open market for a price however reasonable.
>
> Not all of Mr. Howe's cabinet colleagues, it is reported, are as disturbed at the thought of breaking the monopoly. But unless parliament forces a showdown no such development is likely to take place while he remains in the cabinet.

A similar view is expressed by the Vancouver *Province*:

> In theory it is that all transcontinental flying shall be reserved for Trans-Canada Air Lines but in practice it is that T.C.A.'s monopoly shall cover all east-west flying whether it is a through transcontinental run or not.
>
> As we have argued before in these columns the theoretical policy may be defensible but the practice is not.
>
> Its result was to prevent Canadian Pacific Airlines from supplying a freight service which T.C.A. did not then offer. Its result now is to deprive a number of cities of a low-cost short haul passenger service which T.C.A. does not now offer.
>
> In theory the policy is protective, in practice it is restrictive.

And, finally, a quotation from the Ottawa *Citizen*:

> There was good reason for the T.C.A. monopoly when it was granted 18 years ago . . .
>
> But in the intervening years T.C.A. has grown and prospered to the point where it is now scarcely able to handle the demand. Air traffic will most certainly continue to increase in the years to come and in the citizens' view it is time another carrier helped with the load.

It is interesting to note that the Minister of Finance was quoted the other day as saying in Brantford that "in a free enterprise economy it is not the function of the government to interfere actively with the natural direction of economic development."

I wish to say a word about commonwealth trade. On various occasions this party has tried to bring this to the attention of the house. We have made motions which have always been turned down. We have tried our best to keep this before the government but without much success. One would think

that now, with the hundreds of millions of deficit, with the $840 million deficit on current account which we had with the United States last year, the desire to explore every avenue of trade would be strong in the government; and yet, in answer to a question asked by the hon. member for Eglinton (Mr. Fleming) on this point, the Minister of Trade and Commerce, to our amazement, said that the Department of Trade and Commerce was doing nothing about it. Can anyone tell why? We certainly need external markets. Is there some fatal lethargy?

Mr. Harris: I do not think that is quite fair. The question did not ask what we were doing about trade but what we were doing about the adverse trade balance with the United States.

Mr. Macdonnell: I will accept the minister's correction, but what we are talking about is certainly concerned with trade and I want to be fair. Is it because we do not want to play ball with the other members of the commonwealth? Surely they could do more business with us and surely it should be explored in every possible way. There has never been a satisfactory answer. We are just left to suppose that everything that can be done is being done by an all-wise government, but it is not as simple as that.

Not long ago we moved a resolution to the effect that this house is of the opinion that the government should consider the advisability of inviting the nations of the commonwealth to a conference to be held in the immediate future for the purpose of working out arrangements to preserve and enlarge those traditional markets on which jobs and opportunities for Canadians very largely depend. In that connection I would like to quote from that well-known authority, Dr. W. A. Mackintosh of Queen's University, who, when writing of the United States performance under GATT in the *Foreign Affairs Quarterly* of last October, said:

> There are signs that we are entering a period when other countries may press American representatives to produce evidence that the United States is able to make a dependable agreement. To say this is not to discount the ingenious and sincere efforts which have been made by President Eisenhower to further the aim of larger and more competitive trade in the western world. But Congress rules. In future, however, if agreements are to be subject to the heavy discount of escape clauses and modifying legislation a much greater consideration may be required.

Dr. Mackintosh also points out that the most moderate restriction of trade in the United States, having regard to the enormous size of their business, may be of decisive importance in Canada in respect of Canadian exports. When he said that, he was speaking of cereals; but it applies right across the board as well. We know perfectly well that the United States has not fully grown up in respect of its economic responsibility, at any rate not in tariff matters. We know they will put up tariffs as soon as anyone at home is being hit. I remind you of what I said a moment ago concerning Dr. Mackintosh's query about a "dependable agreement." We also have to remind ourselves that, the United States not being under a responsible form of government, their executive cannot deal firmly and decisively and cannot make agreements which they are perfectly sure of being able to carry through.

There is another problem I wish to raise and that is a problem which is coming more and more to our minds particularly by reason of recent United States legislation. I refer to the invasion of United States shareholders. Indeed, there is now a new phrase, "Dollar colonialism", which has crept into the language. We welcome United States capital to Canada, of course, but it must be brought here on some fair basis. Recent events have caused great heart searching. United States investment in Canadian companies has grown very rapidly. It is pointed up by recent action in five of the states where they have sought to exclude a Canadian company, although happily in one state the governor has vetoed it.

This matter has been of serious concern to the business world in Canada and we get no lead from the government. What it really means is that Canadian investors are being frozen out in respect of United States companies. One-third of the investment in Canadian manufacturing is in companies controlled outside of Canada, United States companies. Some of them are wholly owned, there are subsidiaries in many cases, and the Canadian investor has no chance to invest. The number of companies controlled has grown from 1,985 at the end of the war to 3,235 in 1953. And do not let us imagine that these are small companies. Most of them are large and some of them are huge. A good many of our commodities are now controlled by the United States. A partial list includes iron ore, nickel, aluminum, oil, copper and asbestos, all of which are under effective United States control.

Is there any disadvantage to this? Yes, there is a very great disadvantage and it grows and grows and can become very acute if anything less than a roaring boom is occurring in the United States, because, as I said, they take immediate steps to protect their own people if there is any trouble at

home. A witness appearing before the royal commission on patents said:

> Canadian Industries Limited was not permitted by its U.S. and U.K. parents to export from Canada. Similarly Canadian radio manufactures, titanium processors, optical goods manufacturers, and many, many others, have been compelled in this way to refrain from assisting in the development of Canadian export trade.

That could be expanded, but I shall not take up more time of the house in doing that. Why have we heard nothing of this? Why is it not stressed? Of course the Americans are within their rights in coming in and buying, but they are sensible people and there is no reason why that situation cannot be discussed with them. We could argue for good customer relations. After all, if Canadian purchasers came to know the situation they could easily lay off buying from these companies; nor is there any reason why there should not be fair regulation. Dr. Mackintosh, speaking of this, says:

> Recently there have been some murmurs of complaint that certain areas of Canadian industry and finance are powerfully affected by United States subsidiaries in which there is no Canadian share in management . . . and no full reporting on the results of the Canadian sector of the enterprise.

Now I come to our old friend, the question of extravagance and waste. I remember several years ago, when our budget was about $2,400 million, the then Minister of Finance said to us that we could not expect to have the budget reduced as long as we wanted to have the services we were then getting. That was certainly a conservative statement. We must remember that was before the days of huge defence expenditures. Of course today we are having services we never dreamed of before. The Department of National Health and Welfare notably will not forget anything, because a vote is a vote. Incidentally, the independent health organizations, I think, find it hard, or believe it is hard, to get assistance from the Minister of National Health and Welfare (Mr. Martin). He prefers to dole out the money himself and I suppose his argument would be, "Well, they are not looking for votes and I am, therefore it is so much better to have this go out with he slogan: This comes to you from the Minister of National Health and Welfare."

As I said the other evening, we have a pamphlet on baby talk and there is also one on jealousy. Then I am interested in noting that the minister is interested in the stage because there is a pamphlet, issued in connection with the stage, which so far as I can make out is produced by his department. Then when we come to the Department of Fisheries we find that they issue a pamphlet on "ways to cook fish." Then there is one with the mysterious title "Oceans of Goodness". At any rate "oceans" fits in with the Department of Fisheries and I suppose it is all right.

But the Canadian taxpayer pays for all this. We can see that the Minister of Finance has given up. I said the other evening, and I shall not repeat, that he came to us recommended as a great, strong, rugged, unyielding, tough and unpleasant fellow who was going to crack down on all departments. But that has not happened and it will not happen. There is only one way that there will ever be any economy and that is for the minister to make up his mind as to how much a department should have and then tell them that that is all they are going to get and let them spend it as they see fit. I believe he would then see amazing instances of economy. As it is, the minister is beaten before he begins. Members of the department come all keyed up ready to prove that they need what they want to get. I suggest again to the minister that the present system is futile, that he could work miracles if he said to the department, "There is your allotment, if you want some special project you can make any economies yourself and get it." I believe that that could be done.

Of course the suspicion enters my mind that our ministers of finance themselves are not really crusaders for economy. I have never been able to believe that. After all, the expenditure of money makes them popular with a good many people, and large expenditures of billions help to increase the gross national product and help to create for the moment a buoyant situation. They help to add to the minister's taxes, and there you are. The merry-go-round goes on and on; some people think it can go on forever, but I am not one of those. I again put it to the minister with the greatest confidence that the only solution which will bring about economy is the one I have suggested.

I should like to give special mention again to the Department of National Defence with one or two words as to details. It cost $1,400,000 to wash the dirty linen of the Department of National Defence. The navy and air force come a little cheaper than the army, but I suppose that is because one of them lives in the air and the other lives on the water. I am interested in the telephone bill of $911,000 and would be interested in knowing in how many of those cases a letter with airmail and special delivery stamps would not have done just as well. Long distance telephoning is so easy: you just reach for the telephone and you do not have to pay for it yourself. I enjoy doing it, and I think

everyone in this house does also. But somehow or other I am sure that this figure could be reduced a lot.

Telephones, telegrams and other communications cost $6,248,000, although much of that is taken up in the form of leased lines for the air force. These fellows must be very loquacious when they spend over $900,000 on long distance telephone calls.

Another thing I want to stress is this amazing figure of $1,775 million, which is the same as for last year. When I first read that, I could not believe my eyes. Next I thought it must be a misprint. Then I thought that there must be some easy explanation that had not occurred to me. I went around looking for it, but I have decided that there is no such easy explanation. I have decided that what this really means is that there was no estimating in any real sense at all. No one out of a lunatic asylum could believe that, if all the various items were considered separately and added up, they would by some magic produce exactly the same figure as a year ago. I do not think that anyone will argue that.

It seems to me that that is a piece of extraordinary effrontery—I can only call it that—on the part of the department. It means that they were not taking us seriously. But worse than that, what about the Department of Finance? I think it is a worse offence on the part of the Department of Finance than on the part of the Department of National Defence. In effect, what is being said is this: "Do not bother about the House of Commons, this will do for them; they are only the elected members, do not bother about them as they do not matter".

That is the way it seems to me. I wish to remind the house that in spite of all we could do the defence estimates are not going to the estimates committee. I can only hope that when these come before the committee of the whole house in the ordinary way it will not be in the last days of the session but at a time that will permit us to go into these items with some care and get to the bottom of them.

There is one other thing I want to say about the Department of National Defence. It has the most extraordinary faculty of increasing its staff, which increased from 45,718 in 1954 to 53,909 in 1955. That seems to me almost incredible and the only way I can explain it is by reference to the theory which was put forward in the London *Economist* last autumn with regard to the growth of civil service staff. This is called "Parkinson's Law". Several people have seen it, but I think it is worth putting on the record in part. It begins by saying:

> It is a commonplace observation that work expands so as to fill the time available for its completion. Thus, an elderly lady of leisure can spend the entire day in writing and dipatching a postcard to her niece at Bognor Regis. An hour will be spent in finding the postcard, another in hunting for spectacles, half an hour in a search for the address, an hour and a quarter in composition, and twenty minutes in deciding whether or not to take an umbrella when going to the pillar-box in the next street. The total effort which would occupy a busy man for three minutes all told may in this fashion leave another person prostrate after a day of doubt, anxiety and toil.
>
> Granted that work (and especially paper work) is thus elastic in its demands on time, it is manifest that there need be little or no relationship between the work to be done and the size of the staff to which it may be assigned. . . . Politicians and taxpayers have assumed (with occasional phases of doubt) that a rising total in the number of civil servants must reflect a growing volume of work to be done. Cynics, in questioning this belief, have imagined that the multiplication of officials must have left some of them idle or all of them able to work for shorter hours. But this is a matter in which faith and doubt seem equally misplaced.

Then we have an illustration of a case in which one official decides he needs an assistant, but he says he must not have just one assistant because that would mean that that man would argue with him. Therefore he would have to have two assistants, and it finally works out to the point where he needs seven officials. The *Economist* continues:

> Seven officials are now doing what one did before. . . . For these seven make so much work for each other that all are fully occupied and A is actually working harder than ever. An incoming document may well come before each of them in turn. Official E decides that it falls within the province of F, who places a draft reply before C, who amends it drastically before consulting D, who asks G to deal with it . . .

I shall say no more about that, but I come back with confidence to my suggestion that this matter should be dealt with in one way, and one only—by allocating amounts.

I wish to speak only for a moment about trade and the balance of payments. After all, nations, like individuals, cannot live indefinitely beyond their means. The enormous deficit of last year has been much in the public mind but, as I have said, the responsible minister took it very lightly. But we cannot repay trade deficits with optimism alone. I was rather disturbed the other day that the Minister of Finance was apparently making light of our dependence on the United States. This was when he spoke in Port Credit. He went as far as to suggest that we might be able to avoid the effects of a United States depression if one comes. He said:

> The time may be coming when we won't suffer the same as they do south of the border.

In his budget speech the minister said he hoped to be inoculated with the optimism of the Minister of Trade and Commerce. Indeed, he must have had a double portion. We shall, of course, proceed towards self-sufficiency but, at the present time, living next to the United States colossus has inevitably a profound effect, which we should not minimize.

Now I should like to say a word about the Department of Finance itself and its administration and policy during the past year. At the time of the last budget, they told us that all was well with the economy, though they hoped it would be much better. Notwithstanding this assurance, they acted in defiance of their own declared opinion that all was well, first of all, by budgeting for a deficit and by decreasing taxes, thus increasing purchasing power and also by lowering the Bank of Canada rate. This was, of course, in order to make credit easier with the idea of speeding up the economy, but it was done at a time when central banks throughout the world were either raising their rates or standing pat. Moreover, the reduced rate of 1½ per cent was the lowest charged at the time by any central bank. Mr. Muir of the Royal Bank, commenting on it, said:

> This was an indication of an easy money policy that went far beyond the modest direct effect of a low bank rate.

It soon became clear that a boom was in the making, and indeed by the late spring the momentum had greatly increased. Nevertheless it was not until August that the department met itself galloping back and increased the Bank of Canada rate in August, in September and again in November. Further, there were established new and more far-reaching regulations with regard to reserves. So there you are.

I shall content myself by just adding a few words from a comment by Mr. Muir of the Royal Bank. Here are his words:

> I shall now consider a few of the most important problems confronting us in 1956. The first of these is obviously the new inflationary pressure built up during 1955. A review of that year such as I have given, should teach us that stability like freedom exacts its price in eternal vigilance. We must note too that there may be some difference of opinion, not only on the timing and magnitude of anti-inflationary policies, but also on the seriousness of the threat presented by the present boom. I believe that there are definite danger signs, not so much in prices as in the frantic pace of consumer buying, business expansion and the general tightness of markets in both commodities and labour.

As I said when I began, it is hard to make a dint in a rubber ball. It is hard to find things to say. Yet, if the fact that the budget was so empty and so regardless of the interests of so many people in Canada serves to create the feeling in other people that it has created in me, a feeling of something approaching indignation, that when we think we are sitting so pretty we can ignore the welfare of our fellow citizens—if it creates that feeling—then it may eventually have been worth while.

This government is not primarily concerned about the welfare of the unemployed, about the welfare of the maritimes. They are primarily concerned with so arranging matters that they can win the next election. That is the plain, inescapable truth. Let the unemployed get on as best they can; let the people in the maritimes go on for decades more with insuperable handicaps; let the farmers in the west survey sadly their piles of unsold wheat. But let us get ready for the next election.

I fear I have not been as forceful as I would have liked in speaking for the hundreds of thousands of our fellow citizens who have been and continue to be, in so far as this government is concerned, forgotten men and women. I only wish that I could din my words into the ears of every serious, every generous, every responsible citizen of this country and that I might have the gift to persuade them that it is their duty to rise up and demand action.

Further, just as Abraham Lincoln said that a state could not exist half slave and half free, I would like to stress the fact that a state cannot prosper when an important section of its citizens, men and women of character and capacity, are left with inferior opportunities, with a sense of injustice and frustration. If any word of mine today has the slightest influence in bringing this state of affairs to an end, I shall be happy indeed.

I move, seconded by the hon. member for Eglinton (Mr. Fleming):

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
>
> "this house regrets that the budget is empty, negative and partisan; that the government shows no concern over either the serious problems of distressed groups and areas or the growing economic domination of Canada by United States interests; and that these and its other failures demonstrate the government's irresponsibility and unfitness to hold office".

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, first of all I want to agree with what the hon. member who has just taken his seat said the other evening about the budget having all the earmarks of a standpat budget marking time until we approach the election of 1957. I imagine that when the next budget is brought down about a year from now it will be a very attractive document. The minister will make a very interesting speech full of promises to the Canadian people and then, since Easter will come

about April 21, the house will probably be dissolved and about the middle of June, say the 17th of June, we shall find ourselves having a general election and a new House of Commons elected. I have no objection to that, of course.

Mr. Stick: Are you telling us when the election is going to be?

Mr. Coldwell: No.

Mr. Stick: I was wondering what side you were on.

Mr. Coldwell: I am doing what is my right in a free democracy. I am expressing my own opinion, and in spite of the hon. gentleman's objection to it—

Mr. Stick: I am not objecting. I am only asking a question.

Mr. Coldwell: I am going to express my opinions regardless of the hon. gentlemen who, as the Ottawa *Citizen* remarked last evening, may belong to the Liberal party but are not liberals. I want to say to the minister that I noticed a very marked difference between the budget this year and the budget last year. Last year the minister reduced certain taxes, particularly the income tax. This year there have only been a few reductions in excise and sales taxes. May I say immediately that, although they only amount to some $12 million, I think all of us welcome them because they effect certain adjustments and so on. I think that relief was needed with regard to the excise and sales taxes so as to bring them into line with what I believe is the policy of the government with regard to equipment for farms and other industries like agriculture.

I also noted that at last something which I have considered to be rather incongruous is going to be removed. I refer to the sales tax on antiques. The government is getting a bit antique itself and perhaps that is the reason that after 20 years the tax on antiques coming into this country is to be removed. As a matter of fact, I think one can commend the government for that.

With respect to the fact that there is no reduction in income tax this year, may I say that I do not know that even the reductions in income tax made last year affected materially an overwhelming part of our population. After all, a very large percentage of the population pay no income tax. They are not affected by any reduction. For the people in the lower brackets we found that the reduction last year, in the case of a married man with two or three children, for example, amounted to a little more than a few cents a week for such a man in what might be called the fairly low-middle bracket. Of course the people in the higher brackets received very substantial reductions.

I want to say to the minister that when next year comes and he has this surplus of $113 million, and if his outline of his expectations for the economy during the present year is borne out by the facts, I rather suspect that he will have far more than $113 million to play with provided he does not bring down what I hope he will bring down, namely, an estimate for a national health plan. I would rather see any surplus that is going to accrue during the current year used in bringing down a comprehensive national health plan, far more comprehensive than the minister has outlined to the committee, because I believe that would be the most beneficial thing that could be done by the government of Canada at this time.

Not only do I believe it is the most beneficial thing that can be done for the people generally but it also will be most beneficial for our old age pensioners. I should like to see them get an increase in their pensions. I hope that sooner or later the government will come around to giving them an increase, but I do not know of anything that would be more beneficial to them than a national health plan.

The Minister of Citizenship and Immigration (Mr. Pickersgill) is not in his seat but I should like to say to him that I think the introduction of such a measure will facilitate immigration into this country, particularly from northwestern Europe. When I was in Britain a year and a half ago I found there was a very general understanding that Canada had no national health plan. When I was there letters were appearing in some of the British papers from immigrants who had come to Canada pointing out that they had done pretty well for the first two or three years, but then a serious illness had attacked one of the family and the medical and hospitalization expenses had not only wiped out all they had been able to save but had put them into debt.

When one considers that in most overseas countries from which we like to get as much immigration into Canada as we can they have quite comprehensive plans, then I say to the government, and particularly to the Minister of Citizenship and Immigration, that Canada needs such a plan to attract immigrants. I believe that we want immigrants because our country is one that still has wide open spaces with plenty of opportunities for immigrants, far more so than when I came here just over 46 years ago. The future is very bright for those who come here, but today all the progressive countries have social security plans that are quite comprehensive. People who think of coming to this country look for

social security measures of the kind they would be giving up in leaving home.

May I say one other thing to the minister in this connection. I should like to see the countries of the commonwealth at least try to arrange their social security plans so that people moving from one commonwealth country to another would not lose any benefits. I am thinking particularly, of course, of the old age pensioners. Incidentally, today our old age pensions are on a contribution basis as old age pensions are in the United Kingdom. Our old age pensioners have made a special contribution of 2 per cent through the sales tax and consequently they have paid a premium. They should be entitled to their old age pension no matter where they may be, no matter whether a pensioner moves to Great Britain perhaps to stay with a younger sister after spending 30 or 40 years in Canada.

I have in mind at the moment a lady some 76 years old who is going to Britain to visit a younger sister. She must be back within three months. Yet I know perfectly well she could be cared for better over there provided she could get the old age pension in the same way that old age pensions are paid by some countries regardless of residence. So then I hope if the minister has a substantial surplus next year, that surplus will be used not to reduce corporation taxes, not even to reduce income taxes, but rather to bring our social security system up to the level it should be in order to give our people the kind of security they need and make the country more attractive to the kind of immigrants we want to get.

Then, too, I want to say to the minister that whether we have a surplus or not I would hope that we might use more of our revenue for the projects of the United Nations and our own Colombo plan, to assist in raising the standards of living across the world. On two occasions during the past week I have heard two competent observers who have been in the Soviet union. I heard Mr. Norman Smith on Tuesday evening, and he illustrated his lecture with pictures he had taken, mainly in Moscow. On Wednesday, of course, I listened to Mr. James Duncan of the Massey-Harris-Ferguson company. While listening to both of these addresses I realized what the challenge is that we are facing anew in the world today. Here we face a powerfully organized country. It is true it is dominated by a very small group of men and does not have the democratic procedures that we have. They are improving their output of material things every year and are now offering to assist the more underprivileged peoples of the world. These people who do not understand what democracy means will, I think, be influenced by those who can assist them most rapidly in emerging from their underprivileged position. I think we have to do a lot more than we have been doing in support of the United Nations technical aid and the Colombo plan. As I suggested to the minister of external affairs the other day, we should give our support to the special United Nations fund for economic development which is known as SUNFED.

May I also add that another thing that impressed me in connection with these two lectures was the tremendous urge and the tremendous planning of educational activities in the Soviet Union. In spite of the dictatorship, its cruelty and all the rest of it—which I hope has now passed but I am not yet convinced of that—the extent to which the old Russian culture has been encouraged and brought up to date has been impressive. I was not here yesterday when there was some discussion about pictures for the national gallery. I want to tell the minister that so far as I am concerned I believe we are not doing enough in the way of encouraging culture in this country. I think when we acquire good art and have a proper national gallery in which to put that art, we are doing something of inestimable value for the future of our country. I am not going to enter into a debate as to whether or not commissions should be paid for buying those pictures, but I am very happy indeed to know the national gallery is acquiring some first class pictures, because to say that man does not live by bread alone is as true today as it was when it was said long years ago.

This brings me to the proposal in the budget to place a 20 per cent excise tax on certain magazines that are published in the United States, or elsewhere, I presume, and are brought into this country in which advertising is invited from Canadian advertisers. I am in complete sympathy with the object of that particular tax, but I am very doubtful as to its efficacy. I doubt very much that the 20 per cent excise tax will do anything substantial towards discontinuing the publication of those magazines in this country. What I think may happen is that the advertising rates may be increased by 20 per cent. If the circulation of *Time* and *Reader's Digest* is sufficiently attractive to the advertisers, we shall not achieve the objective the minister has in mind. I want to assure him, however, that I am in complete sympathy with the objective of the proposal.

I think a more positive approach would be to set up the Canada Council to carry out some of the recommendations that are found in the Massey report. I am not narrowing that

down to magazines, literature and so on, but I am thinking of the need for expansion in the field of education and for the building up of our educational facilities. I was impressed the other evening when I heard of the great university in Moscow, the thousands of students that are there and the numbers of highly qualified engineers and technical men that are being turned out, and I realized that our own universities have had to cut down on the number of students that they can accommodate. They have had to raise certain standards in order to keep students out. Now, those standards are not always the standards that are desirable. The fact that a student is proficient in one field on an examination paper and is not as proficient in another field may limit that student's right to enter a university. I know, both from my experience as a teacher and my experience as a student in the old days—I am not going to make any confessions—that there were one or two subjects I not only found very difficult but only as the result of considerable cramming did I manage to get the 52 per cent or 53 per cent that was required to put me through. Yet I am quite sure that in other fields I was fairly proficient. So, I think we have to pay much more attention to the recommendations in the Massey report. I believe the minister will have to provide from time to time, not only grants in aid to our universities but grants for the provision of scholarships for young Canadians who have the ability and the desire to go on with education.

Again may I point out that it is the boast in Britain today that no child with ability need be denied a university education if that child and the parents of that child desire the education. Through systems of bursaries, scholarships and nominations, today every child in the United Kingdom can attain a higher education. We have not reached that stage in Canada. I think probably the hon. member for Greenwood (Mr. Macdonnell) was right the other evening when he said we could look into our defence expenditures a little more closely. I would not like to rise in this house and move a motion to reduce defence expenditures under this budget by $200 million or $300 million. Yet in my own mind I am convinced that if this department were gone into very carefully, $200 million, $300 million, $400 million or even $500 million might be saved. Of course, you might have to spend it in certain other defence projects under circumstances that might arise. I do not know, but I am quite sure that there are unnecessary expenditures and extravagances that could be dealt with.

I listened to the hon. member for Greenwood (Mr. Macdonnell) this morning when he talked about the encouragement of private enterprise. Well, I think there are some fields in which private enterprise can serve the nation. But when I hear criticisms, following a plea for private enterprise, of the manner in which, for example, the United States corporations and investors are entering the Canadian economy, I sometimes wonder what those who criticize the lack of encouragement of private enterprise have in mind, because if we are to have complete private enterprise, let us have it. If we have complete private enterprise, then there should be no let or hindrance of any person or any corporation coming into our economy and making out of it the best that he or it can possibly get out of it. I cannot go along with the idea that if we get rid of some of our enterprises that because of their very nature have to be public enterprise we would be performing any service to this country.

I noted the reference to the Trans-Canada Air Lines, a very efficient airway system, and I also saw—I have not got it with me; if I had known it was coming up this morning I might have had it—the figures that have been published regarding air traffic. The number of passengers carried between great cities like Chicago and New York and in our own country, although very much less impressive, if divided between two transcontinental air lines, would mean that neither of them could pay expenses. Therefore, we have to be careful when we talk of encouraging private enterprise to define what that encouragement should be, and how it should be undertaken.

As far as we are concerned, we criticize the alienation of our resources to foreign corporations because we believe that we should be planning the development of those resources ourselves. If we have to, why are all these things not public enterprises? I voted for a resolution introduced by the official opposition a short time ago. In the resolution the official opposition urged that the federal authority and the provinces should co-operate in the development of our resources. How? Well, as far as we are concerned we think that should be undertaken very largely by public enterprise because private enterprise has failed to do the job.

Those are some of the things that struck me. I say to the minister, I noted that he admitted in his speech that some sectors of industry and agriculture have not fully shared in the rate of progress which he outlined in his speech. He said there was some unevenness in the rate of expansion; and, of course, this implies that the condition of agriculture has been improving. As a matter of fact there was some improvement in

agricultural returns in 1955 over 1954, but nothing commensurate with the need of agriculture. Agriculture has been steadily losing ground over the last number of years. For example, last year corporation profits climbed by almost 30 per cent in the first three quarters—I have not the figure for the fourth quarter—as compared with the same period in 1954; but net farm income fell in the same period from $2,155 million in 1951 to $1,126 million in 1954, a decline of 47·8 per cent. But, as I said a moment ago, there was some improvement last year. However, 10 per cent or so increase in improvement last year will not compensate for the nearly 48 per cent decline in the period which I mentioned a moment ago.

Then, of course, we are all happy that we have not unemployment to the extent this year that we had a year ago, but there is still a considerable amount of unemployment, or at least there are large numbers of people who are seeking jobs. The last figure which I have seen indicates that there were 515,000 unplaced applicants. I will say immediately that they are not all unemployed, but they are unplaced applicants for jobs as at February 16 of this year. It is true that that is a better figure than the figure of a year ago, which I think was in the neighbourhood of 600,000; but it still indicates a very serious condition in the field of employment. It does not matter whether he is one in 100,000 men, 400,000 men or 500,000, it does not matter how many there are, the person who is unemployed suffers whether he is accompanied by a very large number or a very few people. Anyone who has had the experience of standing in a relief line, asking for a meal ticket and then going away and getting a meal on a meal ticket will know what it does to one. I did that once, not because I was unemployed but because I wanted to see what the treatment was, and I found it very much to my consternation. Fortunately, since those days—I refer to 1921—we have introduced unemployment insurance and we have other means to assist the unemployed; but still there are those who suffer in the manner in which they suffered in 1921, a smaller number perhaps, but yet nonetheless the suffering is there.

I cannot deal with all the matters that I had in mind when I was thinking of what I would say in connection with this debate. But I do want to say to the minister that he still has in his budget and in his methods of collection of taxes tremendous loopholes which should be plugged. In the legislation there are loopholes under which rich and powerful corporations in many fields, and well-to-do individuals in those fields, can in various ways evade what I think is their fair share of the burden of financing the public business of this country. We believe that ability to pay is of course fundamental and upon which we should base all our taxation. I think there is no fairer method of taxation than income tax, and it has the other saving grace that the person who pays the income tax knows that he is paying and contributing to the country. I am going to give the example that I have given before, and nothing that the minister or his predecessor has said has changed my opinion that it is wrong. At the present time a man can receive some $14,000 in a given year from dividends and so on and pay no income tax. A man with $3,000, if he has no children, will pay $150 income tax. The man with $14,000, similarly married with no children, if his income is derived, as I said, from dividends from a Canadian mining, oil or gas company, pays only his old age security tax of $60 and nothing more.

I would like to put on the record the method by which I worked that out in order that the minister and others in the house can see how it is arrived at and if they wish to try to explain it or criticize it they may do so. I took an actual amount because it comes out evenly. I used the case of a man with an income of $14,542 derived as I have just indicated. If we deduct tax exemptions of $2,000 for the taxpayer and his wife, that gives us a total deduction of $2,000. I then deducted 20 per cent depletion allowance, which is $2,908 and leaves a taxable income of $9,634. The old age security tax is, of course, $60. Income tax other than old age security tax is $1,957. The tax on investment income, which is 4 per cent on $9,237, gives $369. Tax payable before tax credit, that is apart from old age security tax, is $2,326. The taxpayer gets a tax credit of 20 per cent of $11,634, or $2,327. In other words, not only does he pay no tax but he has one dollar left over to come and go on. Of course, I took into account 20 per cent on income from dividends after depletion allowances are deducted.

I think that system should be changed. I think it is an injustice. It means there is a tax exemption of almost $14,000 for one couple and an exemption of only $2,000 for another. When a person who derives his income from dividends begins to pay income tax at all over and above the $14,000 he begins at a rate of 9·6 per cent instead of 15 per cent as in the case of the man who works for his money and who makes only $3,000. That is not fair and of course it has a fantastic result.

I could go on and deal at further length with this question but there is one other matter with which I want to deal and that is

the depletion allowance itself. I have only a few minutes in which to deal with this subject. Depletion allowances have become extremely important in our structure. Depletion allowances eliminate from corporation taxes 33⅓ per cent of profits in the case of oil and gas companies, companies operating base and precious metal mines and industrial mineral mines. Coal mine owners have a depletion allowance of ten cents per ton. In the case of oil and gas and mining companies this means that up to one-third of the public's share in our natural resources, and I regard them as such, is given back as a massive subsidy to those who are exploiting those resources.

I am not the only person criticizing the depletion allowances. We have another example in Professor F. E. La Brie, who, in his book "Introduction to Income Tax Law—Canada", published last year, wrote:

> A deduction for depletion that is not limited to capital cost not only permits taxpayers to recoup capital expenditure tax-free but permits them to realize tax-free capital gain through an income-earning process of exploitation.
>
> "A" spends $100,000 in discovering an oil well. The potential yield of the oil well is $3 million. "A" through a depletion allowance of 33⅓ per cent, may take $1 million worth of oil from the well tax-free. Does this not permit him a tax-free capital gain of $900,000?

I think it does. I think the answer is in the affirmative in the example which Professor La Brie gives. These depletion allowances are altogether out of line today and we should plug the hole and institute a capital gains tax in order that the country may receive something from these great inflated values which are often created.

I wish to cite another recent example before I conclude. On March 17 I read about Algoma Steel Corporation whose profits, according to the latest consolidated statement, were $10,400,000 in 1955 compared with $4,500,000 last year. The thing I particularly noticed was that stock exchange quotations on Algoma have climbed from $49 a share in January, 1954, to $121 as at March 15 of this year. What of the man who bought a thousand shares of Algoma something over two years ago? He makes an income of over $70,000, or a capital gain if you like, just for sitting and watching the ticker-tape in a broker's office, and yet this is tax-free and can be used as income.

I could give another and more striking example but I do not have time to do so today. I imagine it is deals of this description, however, which account for many of the new cars we see in such large quantities. I cannot understand how people with incomes ranging from $6,000 to $8,000 a year can buy new cars each year. We speak of inflation. One of the ways by which we could stop this tremendous demand would be to put on a capital gains tax. The minister may say that it is difficult to do and I agree that this is so. It is difficult to know what capital gains should be taxed but I think that difficulty can be overcome. I believe that the people who are making large incomes by manipulation and speculation on the stock market should be called upon to pay part of their gains to the government and the people of Canada whose resources are the basis of exploitation and speculation.

I move, Mr. Speaker, seconded by the hon. member for Cape Breton South (Mr. Gillis):

> That the amendment be amended by inserting therein immediately after the words "United States interests" the following words:
>
> "that it has failed to reduce the burden of sales and income taxes on those in the lower income groups, while continuing to favour privileged interests and those with unearned incomes by maintaining the 20 per cent dividend tax credit and by refusing to impose a tax on capital gains."

The amendment as amended would then read:

> This house regrets that the budget is empty, negative and partisan; that the government shows no concern over either the serious problems of distressed groups and areas or the growing economic domination of Canada by United States interests; that it has failed to reduce the burden of sales and income taxes on those in the lower income groups, while continuing to favour privileged interests and those with unearned incomes by maintaining the 20 per cent dividend tax credit and by refusing to impose a tax on capital gains; and that these and its other failures demonstrated the government's irresponsibility and unfitness to hold office.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, because of the unfortunate absence of the hon. member for Peace River (Mr. Low) and because of the fact that the Social Credit group in this house have conferred upon me the responsibility and privilege of being the chairman of the banking and commerce committee representing the Social Credit group, it becomes my duty to speak in relation to the budget speech which the Minister of Finance delivered in this house on the evening of March 20.

Before proceeding may I ask the Minister of Finance whether or not he believes that in Canada what is physically possible ought to be financially possible. I do not expect the minister to answer that, but I suggest that during the remarks which I shall make, he keep his mind concentrated on that question and on the marvellous physical capacities of Canada.

Mr. Harris: If my hon. friend wants an answer, I have a firm belief that the Canadian people and the Canadian parliament are competent to do a great many things. I would not want to say that within the realm of human activity nothing is impossible.

Mr. Blackmore: I am glad the minister made that reply. He was straightforward and honest just as he is in everything else. I must say that he has committed himself to a considerable proposition. It is well that he said that, before I go forward now with what I have to say. I should like to quote from page 771 of the minutes of proceedings and evidence of the House of Commons banking and commerce committee for 1939. Mr. Jaques asked Mr. Towers, then president of the Bank of Canada, this question and received this answer:

Q. Would you admit that anything physically possible and desirable can be made financially possible?

A. Certainly.

No qualification to the answer at all. Under those circumstances I have the idea that we are justified in being a bit exacting in respect of the minister with regard to this budget speech. I have noticed that many newspaper reports throughout Canada have expressed disappointment relative to the budget, and some of them have expressed rather strong disapproval.

The minister is an honourable, conscientious and able man and he has to assist him in his department a staff of what should be highly trained and honourable, conscientious and able men. People in this house and in Canada generally are warranted in assuming that the minister and his department have produced what they conscientiously believe to be the best budget which could be produced for the year 1956 considering the many and varied circumstances confronting Canada.

If there are in the present budget unjustifiable deficiencies, as many people including Social Crediters think there are, then it is well that we ask ourselves who is to blame for those deficiencies. I have not seen one newspaper in Canada asking that question, not one. That is a remarkable thing. Is the minister to blame? Are his departmental advisers to blame? Or is the orthodox financial system to blame, the financial system under which the minister operates, the financial system under whose tenets the minister and the department and the government have been under the necessity of managing, or have thought they were?

What are some of the basic deficiencies in this budget? To help ourselves to more satisfactorily judge, may we ask ourselves, and try to arrive at the answers to, certain fundamental questions. They are simple, almost childishly easy to answer. First, what is a financial system? Second, what are the functions which a financial system should perform? What have we in Canada the right to expect the Department of Finance under the minister's direction to do for Canada? Third, what is an economic system? Fourth, what are the functions that an economic system should perform?

May we answer those questions. Answering question No. 1, it might be said with a considerable degree of accuracy that the financial system of a community is the system by means of which that community provides money for the use of the community as a whole and as individuals. Answering question No. 2, it might be said that the functions of a community's financial system are three, namely, first, to defray the expenses of carrying on the work of governing the community; second, to render available to would-be producers the loans they need with which to produce adequate goods and services for the community; and third, to render available to the members of the community—I imagine a number will object to this one although it is unanswerable and inevitable—the money necessary to enable them to consume what they need, or their full equitable share of, the community's production. This is the point which Social Crediters particularly stress.

Expressing the answer in another way, we might with accuracy say that the function of a community's financial system is to make financially possible for the community and its members what is physically possible and desirable in the community, having regard to the community's resources, material and human.

Answering question No. 3, it might be said that a community's economic system is the system by means of which the community, either as a whole or as individuals, produces or produce goods and services and delivers or deliver and distributes or distribute those goods and services, either for consumption within the community or for exchange or trade with other communities for goods and services for consumption in the community. I think there will be hardly any argument regarding the answers I have given thus far.

Answering question No. 4, it might be said that the basic and essential functions of an economic system are to produce and to deliver goods and services, as required, when required and where required; and that the two incidental functions performed in the process of production are, first, to distribute among the consumers more or less the purchasing power with which those consumers

may buy and consume a portion of the products of the community and, second, to provide employment and jobs to members of the community from which they get purchasing power with which to obtain and consume a portion of the products of the community.

Many people go astray in their thinking in respect of these last two points which I have made. There are a good many people who think that unless business, unless the factories, unless the mercantile institutions, unless firms and other productive enterprises can hire all the people in the community, then those enterprises are failing in their functions. This is a serious fallacy.

Many people, and I fear most of my Liberal and Conservative friends are included, believe that as an industry such as a coal mine or a textile mill produces coal or textiles, it puts into the hands of the people enough money with which to buy that coal or those textiles. This is a complete and utter fallacy which leads the country far astray in its effort to think its way through the difficult economic situations that prevail and confront us.

Now I go on to another matter which indicates how responsible the minister before us is. The finance department controls the financial system and the economic system. The finance department in the government of a community is the department that directly controls and manages the financial system of the community and that at the same time indirectly controls and manages the community's economic system, since in our time, sustained production of goods is impossible without money, or at least credit, which is another form of money. Before long we will have the minister carrying plenty of responsibility. The community's minister of finance is therefore, in effect, likewise the community's economic minister, so that we are justified in saying the Minister of Finance is the minister of finance and economics.

The Minister of Finance, in his twofold capacity as Canada's minister of finance and economics, is responsible to this house and to the Canadian nation to see that, first, money is provided for defraying the expenses of governing Canada, as I said before; second, money is made available to Canadian producers and would-be producers adequately to enable them to produce whatever kinds and quantities of goods are necessary to provide all Canadians with abundant living, in so far as Canadian resources, material and human, permit.

I think everyone in this house and in the country agrees that the resources of this country are such, and that the industrial equipment of this country is such, and that the transportation facilities and communication facilities of this country are such, and the human beings in this country are such, that there is no excuse whatsoever for this country producing anything short of abundant living for every person in Canada. If it is failing to do that, whose responsibility is it? It must be the Minister of Finance's responsibility, for he is the minister of the financial system and the economic system, as I pointed out.

Now we have a basis on which we can begin to criticize scientifically and intelligently the budget that has been placed before us. Criticisms of the budget commonly heard are so vague and rambling and piecemeal that it makes a person almost weary to think that that is the best people know what to say about a budget.

I have said it is the minister's business to make money available for two purposes: first of all, to run the country and, second, to provide money for producers so that they can get the money. The third responsibility is to provide money or make it available to all Canadians adequately to enable them to buy and consume the desirable goods which Canadians produce. If this is not so, then it makes no difference how much milk, cream, butter, cheese, fruit and other products the people of Canada produce, it will be impossible for the people of Canada to buy and consume them. Consequently, it is conceivable that people can be going in great misery in the presence of the most astounding abundance throughout the land. Here I believe is where the Social Crediters and other members of the house part company. If any member can find a flaw in that reasoning let him get up when the opportunity comes and point out the flaw and establish his case. I defy him to do it.

All of this means that in effect the Minister of Finance is responsible for seeing that money is made available for providing markets for Canadian producers. Generally the common talk about markets is so vague, inconsistent and unreasonable that we get nowhere. Few people seem to realize that in a country like this we can produce our own markets within our own country for all the goods our people are able to use. The person whose responsibility it is to produce those markets is the Minister of Finance. Has he done it? We can see now where we are approaching real deficiencies in the budget.

A fourth responsibility of the minister is to make money available, by reason of the foregoing, so that whatever is physically possible is financially possible, having regard to Canadian resources, material and human, as I have indicated by the passage I read not long ago from Mr. Graham Towers. When

Mr. Graham Towers was before the banking and commerce committee in 1939, he was honest and frank, he certainly knew his business, but he got so cagey after a few years that he did not dare to commit himself on anything. But you may be sure that what Graham Towers told us in those early days was fact, for when he took over he was qualified for his job.

I now turn to the budget speech, having referred to these standards by which to judge the budget speech. The budget speech is, or ought to be, in effect the minister's annual report in respect of the discharge of his responsibilities in relation to the functions of his department, both as Minister of Finance and as minister of economics, that is, as minister of production of goods and as minister of markets for goods.

Let us examine the budget speech, the report of the minister's performance. Has the minister performed these functions as Canadians have a full right to expect those functions to be performed? Before I say anything more, I suggest we give that matter a few moment's thought. Looking at the budget from this point of view, what are some of the deficiencies quickly discoverable? Let us review the minister's full responsibilities as to providing money, and see whether or not he has adequately discharged all those during the year 1955-56 and is prepared to discharge them in 1956-57.

Having regard to Canada's resources, has the minister been able to discharge his number one responsibility, namely, to provide the money to defray the expenses that ought to be incurred in carrying on the work of governing Canada? I believe that I cannot be successfully challenged when I say that except perhaps in the case of the Department of National Revenue alone, there is not one single department in the present government that has anything like the amount of money it needs and could spend without causing inflation, if only the minister could get the money. Now, he knows how true that all is.

Let us concentrate on the question of getting the money and leave aside all the foolish talk we often hear in the newspapers and elsewhere. He knows very well that there is not a department in the government that has not asked for much more money than he was able to give, and he knows they could use it.

Take, for example, the Department of Northern Affairs and National Resources. Think what the minister, energetic, able and idealistic and ambitious, could do in respect of our parks alone, if he just had the money. Think what a wonderland this country would be as an attraction to tourists, and how rapidly we would begin to do away with our adverse trade balance with the United States. But the minister is hampered and cramped in every direction because he just has not the money. That indicates that the Minister of Finance has fallen down with respect to that department.

An hon. Member: Tell him how to get it.

Mr. Blackmore: I will come to that in due time. All things in season. Take the Department of National Defence. Nothing need be said in regard to money required for that department. The Minister of National Defence could probably use four times the amount of money he has at his disposal in respect of the Department of National Defence, and he has had to be limited by the Minister of Finance because the latter has said, "I cannot get the money." He has not told him whether or not the goods and the resources and the people of Canada can build the kind of organization that the Minister of National Defence wants. He just said, "I cannot get the money." Why could he not get the money? If what is physically possible can be made financially possible, then unquestionably the minister stands condemned for deficiency in performance with respect to the administration of the Department of National Defence.

Take health and welfare. Think what the Minister of National Health and Welfare (Mr. Martin) would do if he had plenty of money in respect of civil defence, which we all know we need, old age pensions, health insurance and all that sort of thing. You can just imagine what a happy land he would soon make this country if he only just had the money. He has all the human and material resources available. There is all the material in Canada necessary to build every hospital he wants. There are all the people necessary to train nurses and doctors and give every kind of service which is necessary in our hospitals. All the goods and services and the capacity to produce such are here to produce the perfect set-up for national health.

Mr. Campbell: We would not be very happy very long if we did what you suggest.

Mr. Ellis: Everybody is out of step but our John.

Mr. Blackmore: The fact is you never give us a constructive idea and yet you are always interfering with somebody else who is trying to help. Let us go forward. Let us go on with the next one. Will the hon. member who just interrupted me say that we have not got the natural resources and the ability to produce the goods and services necessary to make a perfect health set-up?

Mr. Campbell: I will say this. If you spent all the money you are talking about now the country would be broke.

Mr. Blackmore: That is an indication that the hon. member is blind in both eyes intellectually. He has not even begun to learn. He does not accept what Graham Towers said, that what is physically possible can be made financially possible. I suggest that the hon. member think that over for the next three or four days. Just think it over. Does he believe Graham Towers knew what he was talking about?

Mr. Ellis: Is he a Social Crediter?

Mr. Blackmore: The point is that at that time Graham Towers was the president of the Bank of Canada, was in a position to speak with authority on the matter, and that is what he said. Let the hon. member explain that away and not get up and make a fool of himself by talking about things he does not know anything about.

Mr. Carrick: Could I ask the hon. member a question?

Mr. Blackmore: Take transport—

Mr. Carrick: Could I ask the hon. member a question?

Mr. Blackmore: Let me finish my speech and then ask your questions. I shall be glad to answer them all. Otherwise we just cannot go ahead in a straightforward manner. I have already put questions to the hon. member and other hon. members. If he can answer them let him take the floor when I am finished. Take transport. Think of all the harbours, all the railroads and all that sort of thing the minister could build if he only had the money. Have we the goods with which to do that? Have we the means of fabricating the steel? Have we the means of supplying all the various kinds of things necessary to produce a perfect transportation system? Certainly we have. In Canada there is no lack of resources and no lack of physical capacity to build a transport system second to none in the world. What is the handicap? We have not got the money. We do not know how to get it. Obviously that runs completely contrary to Graham Towers' statement.

Take trade and commerce. We are worrying at the present time about a gas pipe line from Alberta to Ontario and Quebec to provide the great industrial areas of Canada with a safe fuel which they could use in time of need. Everybody recognizes that we ought to be able to build it and yet we have been worrying for about five years about financing the pipe line. We have not got it done yet and we will talk for weeks and weeks about it. Why? Because we have not got the physical capacity in Canada to build the pipe line? No. Because we have not got the money.

Mr. Ellis: We are relying on free enterprise to do it. That is why.

Mr. Blackmore: We are relying on people who do not have any more intelligence than my hon. friend, people like him who do not know any more than he knows. If we had a man like Graham Towers managing affairs we would find the money because he said what is physically possible can be made financially possible. Now, let us go forward.

Mr. Knowles: Mr. Ilsley said that too.

Mr. Blackmore: Take finance, the minister's own department. We are in the midst of very serious differences with the provinces. We call them together in conference time and again and all we do is argue and haggle with them about whether or not they will assume certain responsibilities which we would like them to assume. We act just as though it was not true at all that what is physically possible can be made financially possible. The provinces possess vast resources and have the people to process those resources into goods and services. The minister can very well do with a good many hundreds of millions of dollars to take care of the needs of the provinces and take the worries off his mind. It is not because we have not got plenty of goods and services. It is not because we have not got plenty of resources. It is because we have not got the financial intelligence to do what Graham Towers said could be done, and that is all.

In the light of what I have said, this budget stands condemned as utterly inadequate in this country at the present time.

An hon. Member: Oh, oh.

Mr. Blackmore: If the hon. member will ask me questions when I am finished I will answer them just as long as he will give me the time.

Mr. Wylie: He will forget them in the meantime.

Mr. Blackmore: If he forgets them they are not worth keeping in mind. Having regard to what is physically possible and desirable in Canada, has the minister been able to discharge his responsibility to provide the money to those who would produce? In order to answer the question, all we need to do is to look at the farmers in the three prairie provinces. Most of them have not the slightest idea where they are going to get the money to produce next year's crop. The minister does not know. I would not

say that he does not care because he is too honourable a man not to care, but he does not know and cannot do anything about it. We have in the prairies tremendous wealth in goods, both actual and potential.

Take the Canadian oil companies. When Hon. N. E. Tanner set out to get the oil resources of Alberta developed he came down to eastern Canada. He went everywhere to see if he could find the risk capital to develop those oil resources but not a dollar could he get. He went over to Britain and tried every way to get the capital to develop that oil industry but not a bit could he get. When he came to eastern Canada did we lack the resources with which to develop that oil industry? Not at all. We had all the resources necessary. Why were we not able to make it financially possible to drill the wells and thus keep out the tremendous amount of United States capital which is now threatening to take control of the nation and is causing anxiety to every member of the house? Evidently the finance department of those days fell down in respect of being able to finance this development.

What about the gas wells? The same is true. You cannot even get risk capital to finance the gas pipe line to bring gas from Alberta to eastern Canada after private investors from the United States have come here and produced the gas. Is it because we ourselves have not the physical means to build the pipe line? Not at all. It is because we have not the financial intelligence.

Take the production of steel from our iron ore deposits. The other day a member of the Conservative party was wise in warning us against the fact that United States money was being spent in the development of great iron ore deposits in eastern Canada and railroads to those deposits. He was worried because United States capital was taking care of that. No wonder he was worried. So am I, but where can we get the money to finance such a development?

An hon. Member: Print it.

Mr. Blackmore: Do we lack the physical means, do we lack the resources, do we lack the ability to develop that iron deposit, bring out the iron and process it? Not at all. We just lack the financial intelligence to make what is physically possible financially possible. There is no other answer.

Take such a thing as the dock services at Halifax to which I referred the other day. I mentioned the fact that Halifax had been promised a dock back in 1913 and is still waiting for it, while at the same time it is falling farther and farther behind in the competition to provide service for the great ocean going ships because it does not have the facilities to compete. The minister has not shown up very brightly with respect to finding money to finance production.

Let us look at responsibility No. 3, to supply money to consumers to enable them to buy; in other words, provide markets in Canada for all the goods and services which the Canadian people can use.

Now, let us look at a few very concrete facts that every hon. member in this house will recognize. Is there any province in Canada in which they cannot produce—everyone coming from a province will know about his own province—enough wheat for the needs of its own people? I doubt it. Is there any province that cannot produce enough oats, enough barley, enough rye, enough flax, to satisfy the needs of its own people? I think every province is able to do that. Then, why does it not do it? Why cannot its people have all they want of these things? Something is wrong with the financial system. The physical capacity is there.

Now, turning to corn there are some provinces that cannot produce corn. However, there is sufficient capacity in other provinces like Ontario that can produce corn to give the people all the corn they need.

Is there any province that cannot produce all the honey it needs? I doubt it. Is there any province that cannot produce sugar? Probably there are some that are not able to produce sugar, but others like my province of Alberta can produce all the sugar Canadians can use two and a half times over, so there is not lack of the production of sugar and honey.

Is there any province in Canada that cannot produce all the dairy products that are needed such as milk, cream, butter and cheese? Is there any province that cannot produce all the beef and pork for its own needs? Is there any province that cannot produce enough potatoes, beets, parsnips, cauliflower, cabbage, onions, for its own needs? If every one of the provinces in Canada produced sufficient of these things so the people could get all they needed and all the people could buy them they would be pretty well off. You would not have the terrible suffering that is now being endured by the old age pensioners and so many of the others. It is not that the provinces cannot produce these things, but somehow or other they cannot finance the consumption. The dominion government cannot do that either—the poor people!—because they lack the financial ability to do what Graham Towers in his wisdom said could be done back in 1939.

An hon. Member: Why did he not do it?

Mr. Blackmore: I suppose government policy interfered. He indicated as a result of some

questions asked at that time that government policy interfered. In other words, he meant that the Liberal party stood in his way and would not let him do it. Is there any province that cannot produce peaches, apricots, pears, cherries, grapes, apples, strawberries, raspberries, blueberries, gooseberries, rhubarb? There may be some that will not be able to produce some of these things like peaches, but certain provinces can produce all of these that the whole of the Canadian people could possibly use. People do not get them. In most cases the provinces do not produce these because they cannot sell them. What an unfair, what a fantastic situation that is. Evidently the minister has failed dismally in financing consumption in Canada, that is, in finding markets for the goods which people in every province in Canada can produce in sufficient quantities to make all people well off. In other words, these things can be produced in sufficient quantities to enable the people to enjoy an abundant life.

I shall deal now with the fourth of his responsibilities, finding the money which is necessary to make financially possible what is physically possible. In that respect today the Department of Finance of the Dominion of Canada has been a most dismal failure. It stands condemned. Now, it is high time something was done about reform. I am going to say the minister has done his best. I do not think any finance minister in charge of the affairs of Canada since I have been here did not do his best, but he was hemmed in, trammelled and hamstrung by the financial system under which he was trying to work.

Mr. Ellis: The free enterprise system.

Mr. Blackmore: Nothing of the sort. The best each of these ministers has been able to do down through the years was not good enough, and it is not good enough now. The question is being asked, what should be done? I do not hesitate a minute to suggest to the minister that he adopt Social Credit.

Some hon. Members: Oh, oh.

Mr. Blackmore: Now, those people who have no way in the world of answering the question as to why we cannot finance these things are the people who condemn Social Credit because they do not know what it is. I maintain that Social Credit will solve the problems.

Mr. Ellis: You support the free enterprise system?

Mr. Hansell: Oh, shut up.

Mr. Blackmore: Anyone who thinks he can successfully answer me, just take his opportunity and get on the floor and try his skill, especially in committee so I can get back at him. The whole thing is that there is a whole new system of financing the country which hon. members just will not even consider. If we were getting along successfully in respect of financing every department, they could be excused. But when it is recognized everywhere that the financial system we know is a dismal failure, then surely you would think every hon. member in this house and every person in this country would be humble enough and responsible enough to try to find out the facts about Social Credit before brushing it off with some silly remark about funny money.

May I give some statements which I am sure hon. members would like to have, as well as the people out in the country. I am sure I will not be able to give all I wish to give. These are statements coming from Major C. H. Douglas who is the originator of the Douglas system of social credit.

Mr. Byrne: Where is he?

Mr. Blackmore: He is dead now, but this was a long time ago. He left living records, and I am going to give you a few of his statements. Major C. H. Douglas, as recorded at page 97 of "The Douglas System of Social Credit", evidence taken by the agricultural committee of the Alberta legislature, session 1934, said:

> Social Credit from the technical point of view is simply the power to monetize real wealth.

It means the power to create money to represent the physical realities which obtain in the state. That is all, and that is simple enough. Now, there are some more interesting comments on page 98 of this same document. He says—

Mr. Byrne: A plus B over C.

Mr. Blackmore: That is just foolishness. The hon. member should listen to what I am going to give. The trouble is that members like the hon. member for Kootenay East have just learned two or three little superficialities and have never tried to learn the real facts concerning Social Credit. Now, I am going to give him the real facts. Now, listen—

Mr. Byrne: I apologize.

Mr. Blackmore: That is good; that is a credit to the hon. member if he will just keep on in that vein.

On page 98 Major Douglas had this to say in reply to questions. He was thoroughly questioned and went into all the details which were necessary to explain his whole system. It looks as though I have not the time to give you the things I wanted to give. I was going to give some other quotations, Mr. Speaker,

but I find I have not the time so I would much rather quit than leave the whole situation at sea.

I have quotations which would back up these general statements. The Social Credit financial technique consists of, first, the creation of debt-free money to represent the financial realities of the country, the goods and services. Bearing in mind that money is only a ticket to goods, wherever goods are, money can be, just as where street car seats are, street car tickets can be and where theatre seats are, theatre tickets can be. Bear in mind that money is only a ticket to goods. It is a man-made mechanism and any amount can be created at the will of man according to the goods and services, being sure that the goods are there.

The second principle is that if money is created it shall be used in bringing prices down. In other words, money is first of all used to bring about a compensation discount. If, for example, a pair of shoes were offered for sale at $10 and there were enough goods and services in the country to justify creating enough money, then the government could offer to give a 10 per cent disount on those shoes, enabling the man who buys the shoes to buy them at $9 instead of $10.

An hon. Member: Oh, oh.

Mr. Blackmore: Now, just get this, you poor weakling.

An hon. Member: Hear, hear.

Mr. Blackmore: All right. The man will get the goods for $9, but the merchant who gave the $1 discount would submit his bill to the bank and the banker would replace that $1 to him; that is, he would compensate him for the discount given. Everybody can see that if that principle were applied all across the country the prices of goods would come down and not go up. In other words, the very opposite of inflation would result.

Mr. Dupuis: Would you cut wages?

Mr. Blackmore: No, we would not cut wages. The important thing, though, is that the hon. member just did not get what I said. If a pair of shoes were offered at $10 and there were enough goods and services in the country to permit the government to create enough money to offer a 10 per cent discount, an individual would get the shoes for $9. The merchant would take the bill of the man to whom he sold the shoes for $9 to the bank and the banker would give him $1 to make up for the $1 that he lost. In other words, the banker would give him compensation for the discount the merchant had given and then the banker would submit his records to the office which had to do with creating the money and be reimbursed himself. So that altogether there would be a compensated discount.

Now, this kind of thing occurred during the war. It will be remembered that we had a discount on milk so that the producer could get 13 cents a quart for his milk and the ordinary citizen paid 9 cents a quart. That was done by a Liberal government. If that was done by a Liberal government in those days using orthodox debt money, then I ask you why we cannot do it now using debt-free government-created money? If the government did that in accordance with the goods and services available, and if it were done all across the board, it would result in just the very opposite of inflation. That is the important thing to keep in mind.

The next important thing is that in addition to—

Mr. Speaker: Order.

Mr. Blackmore: Mr. Speaker, I suppose I shall have to discontinue my remarks. I am very glad to do so.

(Translation):

Mr. J. I. Rochefort (Champlain): Mr. Speaker, last year after the Minister of Finance (Mr. Harris) had ended his budget speech, a whole series of opposition speakers, particularly Progressive Conservative members, rose to express their concern and complaints about increasing unemployment in this country. While expressing these fears the members of the opposition indicated that unrest was on the way. Deep in their hearts, though, they were happy over this state of affairs since they believed that some political advantage could be reaped from it.

The Prime Minister (Mr. St. Laurent) admitted that with five and a half million workers in this country, there could very well be some falling off in employment. He added, however, that this was only temporary and, along with the Minister of Trade and Commerce (Mr. Howe) went on to state that there would be an improvement in the economy and in the labour situation. Everything came out as had been predicted by the Prime Minister and the Minister of Trade and Commerce. Prosperity in this country in 1955 to 1956 was all but unexampled in the post war period. But it will be nothing compared to the prosperity we will enjoy in 1956. In fact Canadian industry throughout this country will have a greatly increased payroll to distribute amongst our working people. Workers' wages will go up because this boom will especially benefit the workers.

The Liberal party has but one concern, that of fattening this pay envelope year after year, and it is happy about it. Besides, the government should have no greater concern than this desire for greater prosperity in Canada, for well it knows that the workers are the ones who benefit most from it. This prosperity, which is a government responsibility, is far more important than the lowering of taxes even though, of course, everybody, myself included, would like them to be lower. In 1956, an amount of 12 to 13 billion dollars will be paid in salaries to the people of Canada. It should not be overlooked also that the Liberal party, which enacted social legislation for the people of this country, does not hesitate to expand this field of social legislation, family allowances, pensions, insurance of all kinds and so on. We are probably the most advanced people in the world, considering the ratio of population, in this field of social legislation. This year again, further benefits have been offered.

We want to go even further by offering you health insurance which will be particularly beneficial to the poor people of our country. Henceforth, through that legislation, the poor will be able to receive the same treatment as the rich as far as health services are concerned.

I also know that the Liberal party will not refuse to take any steps to improve the Family Allowances Act as soon as the situation permits. May I offer a suggestion to the hon. Minister of National Health and Welfare (Mr. Martin)? Why does not the government of our country, so largely represented by the Liberal party and headed by a leader who worked so hard to bring about that family allowance legislation, consider as soon as possible the payment of those allowances until eighteen years of age instead of sixteen, and increase that allowance to $10 per month during that period, in order to enable more of our young men and women to study an additional two years? We would thus implement one of the recommendations of the Massey commission, suggesting that our youth should keep attending school as long as possible. It is the Liberal party and the Liberal party only which enacted that social legislation for the benefit of the Canadian people and, let us not forget it, the Liberal party is the only one in a position to improve our existing social legislation and bring new measures into force.

However how can we meet the expenses resulting from that legislation? By means of taxes? Can we hope to see taxes removed and yet continue to receive more and more? It would be foolish to think so! Personally, I would like to see my income tax decrease, but I also want to see the small wage earner get a larger share of that revenue. In that connection we must congratulate the government because by levying taxes on people with large incomes, on corporations that make huge profits on manufacturing operations, it can raise the necessary revenue by means of taxes and distribute that money to the less privileged groups of our population. The Liberal party is the party of the people. Let the government continue to promote prosperity, to maintain employment, to find outlets for our agricultural and our manufactured products—

Mr. Knowles: Mr. Speaker—

Mr. Rochefort: It will then have achieved a tremendous task for the benefit of the city workers and of the farm population of this country.

Mr. Knowles: Mr. Speaker, the hon. member is reading his speech, is he not?

Mr. Harris: Yes.

Mr. Speaker: It does seem that what is being claimed by the hon. member for Winnipeg North Centre (Mr. Knowles) is perfectly true. The hon. member for Champlain (Mr. Rochefort) should consider that, as much as possible, speeches must not be read. I take this opportunity to appeal not only to the hon. member who has the floor at the present time but to all those who might follow him.

Mr. Rochefort: Mr. Speaker, I submit that the Liberal party, aware of the first duty of a government, is doing a wonderful job in carrying out its duty in the social legislation field. Make no mistake about it, this government would be quite happy to lower taxes. The Liberal party will lower them as soon as it finds it humanly possible to do so. Defense production expenditures are tremendous. They have to be kept at this level, and I suggest that the world situation makes it now more imperative than ever.

However, I believe that civil defence leaves something to be desired in this country. If by misfortune our cities were subjected to a surprise attack, what means of defence would be available at the present time? And the people responsible for the delay are the municipal authorities who reject the co-operation offered them by Ottawa. Nevertheless they bear a very heavy responsibility towards the people they represent and they ought to show a greater understanding.

As far as federal-provincial relations are concerned, especially the tax rental agreements, every day we are surprised to find members of the Conservative opposition, particularly those from Quebec, who would like to see the central government revenues placed in the hands of the provinces. What would their attitude be if they were in office? But it is something they will never experience. Would they be ready to take a part of the revenue which a government needs so badly to govern the country, and channel it to the provinces? Is theirs a federal or a provincial mandate? It is enough to make us wonder if they are conscious of their responsibility or whether they are not rather talking just for election purposes. In this field, tax agreements are a necessity to prevent double taxation. Those who in the past rejected those agreements now look upon government proposals with envy and desire because the proposals have become so attractive. Personally, I believe the government cannot go beyond its present offers if it is to meet its obligations adequately and creditably.

Mr. Speaker, after those few remarks about the budget speech delivered by the hon. Minister of Finance, I wish to add a few words on the situation in my riding. The paper industry, with which my area is favoured, keeps paying its workers the highest wages in this country and I am happy to see that paper companies are willing to grant a further wage boost.

Bush workers who make up a large proportion of the people of my constituency, earn $15, $20 and even $30 per day, particularly those who use power tools. They now earn in a day what they used to earn in a month at the time when the Conservative party was in power.

Industries of my constituency are working at full speed. At Cap-de-la-Madeleine, the aluminum factory will have its employment capacity more than doubled as a result of large plant additions. Let us not believe however that everything is perfect in our country. I ask the government to amend the Unemployment Insurance Act as far as farmers employed away from home and forest workers are concerned. Those two groups should be placed on an equal footing with city workers, and seasonal regulations should be abandoned. The farmer who works away from home does so because he has to. He pays unemployment insurance contributions like other people but, when the time comes to draw benefits, he is subjected to special regulations which disqualify him for a certain period, if not indefinitely. Off-seasons are established for him, which complicates the situation and discourages him. Let the act be the same for those groups of workers as for city workers.

However, I must tell the house that the electors of Champlain county earned $35 million in wages in 1955, yet they paid only $2,500,000 in income taxes, that is one-seventeenth of what they earned.

When a government spends for social legislation over a billion dollars, more than 20 per cent of its budget, do you think it can easily eliminate or lower taxes? The government contributes to pensions for people of 70, and for those of 65, to pensions for the blind and the disabled, and contributes to the construction of hospitals. As recently as yesterday, the hon. Minister of National Health and Welfare (Mr. Martin) announced that a grant of $1,400,000 had been made by the federal government to Notre-Dame hospital in Montreal. Let us not forget its contributions toward the cost of laboratories, operating rooms, research centres, the construction of technical schools, arts and trade schools, bursaries for our young people, statutory grants and, finally, grants to provinces as a result of fiscal agreements.

Is there a single community in this country which does not receive help from one department or another?

Who would not be anxious to congratulate the right hon. Minister of Agriculture (Mr. Gardiner) about the good news which he gave yesterday to the house and to the farm population of this country to the effect that the support price for butter will be maintained for a period of two years with a maximum of 58 cents a pound. The few million dollars spent by the federal government in connection with this support legislation will help provide additional millions to the Canadian farm population. This legislation will dispel their worries since the agricultural class has been the only one to be faced with financial difficulties in 1955.

I could extend the list of benefits obtained by the western farmer from the Department of Agriculture: subsidies, storage payments, bank loans guaranteed by the federal government, grain transportation, and so on and so forth.

And what about the Department of Defence Production which, to provide security for this country, awards contracts resulting in the

sale of millions of dollars of construction material and in millions of dollars in salaries for the workers of this country?

How could the federal government reduce taxes at this time? I do not think it is possible. What is most important at this time is to maintain prosperity.

Mr. Speaker, when the estimates are under consideration, I will have an opportunity to make known what the Liberal party has done for my riding. Great projects are under way for the year 1956 and I shall mention them in due time.

For the time being, I wish to thank the government and particularly to congratulate the right hon. Prime Minister and the members of his cabinet for their wisdom and the success they have achieved in the administration of this country. Let us wish that, for a long time to come, the Canadian people will have outstanding Canadians such as these continue to foster the development and prosperity of Canada for the benefit of all Canadians.

Mr. Robert Perron (Dorchester): Mr. Speaker, on looking over some pictures printed in Wednesday's morning papers and taken when the hon. Minister of Finance (Mr. Harris) entered the house on Tuesday night, we see him shaping an "O" with his right thumb and forefinger. Yet, in spite of this nought, the minister's happy countenance and his broad smile did not lead us to expect such utter void in the budget. It was indeed a nought for Canadian taxpayers.

Since then, that is for the past two days, a unanimous opinion has been formed. Everybody agrees that the budget speech contained nothing new, nor useful for this country, nor any hope of any kind for the taxpayer. The press, whatever its political hue, seems to say, that, throughout the history of Canadian budgets, this year's budget is the emptiest.

When commenting on the budget, Mr. Speaker, the representatives of various manufacturers' and labour organizations, economists and those speaking in the name of provincial and municipal government, all begin their remarks with the same phrases which, on the whole, are similar to the comments which have appeared in the papers for the past two days: "It is unfortunate"; "It is inconceivable"; "It is economically unsound"; "It is unfair", etc.

Never has there been such unanimity and, though we were led to expect as much for the last month, I think we may say that, generally speaking, the budget has been a disappointment to everybody.

The total tax reduction for this year amounts to $12 million, or 1/400 of the budget, or to put it in simpler terms, 75 cents a head; but, there again, the taxpayer will not benefit from these reductions, because they are, as the hon. minister said, of a rather particular and technical nature.

The reduction of $12 million in taxes is widely offset, of course, by an addition of $390 million to the revenues of the coming year. The table put on *Hansard*, page 2330, by the hon. Minister of Finance last Tuesday shows that revenues for 1955-56 amounted to $4,385 million and that the estimates for 1956-57 are $4,775 million, or a difference of $390 million.

All sources of revenue mentioned in the table show increases except the item for succession duties, which shows a decrease of $10 million.

As far as personal income tax is concerned, we see that in 1955-56 an amount of $1,180 million was collected and that $1,265 million will be collected next year.

Corporation income tax shows a much larger increase; in 1955-56 $1,035 million was collected from corporations while $1,315 million will be collected next year. The same thing is true concerning custom duties, excise duties, sales and other taxes, the taxation rate remaining the same.

Mr. Speaker, taking into account the increase in population, I believe that one can say without fear of error that the taxpayer will pay more during the next fiscal year than he paid last year. Fortunately he still has one hope, namely the next budget speech, because it is possible that there will be a general election next year.

Mr. Speaker, taxes are too heavy. Everybody says so and the honourable Minister of Finance admitted it himself recently.

This is particularly true with regard to low income groups and heads of families for whom the basic exemption still remains too low. An exemption of $1,000 for single people, of $2,000 for a married man and of $150 per child is far from adequate. This sounds more like ancient history than like modern history, especially if we take into consideration the steady increase in the cost of living on the one hand and present day living standards on the other.

Nobody can prove to me that the government's distinguished economists could not

have economized one or two per cent in certain departments, so as to lighten the load of those who are in no position to pay income tax. I suppose that this too has been put off till next year. However, I do hope it will be one of the first things that the government will improve when it brings down next year's budget.

Mr. Speaker, there is one point which the minister has stressed: that of federal-provincial relations. From the point of view of the general economy of this country, I feel that that is the most important matter of all since it involves the very principles of the constitution. Having explained that, after protracted negotiations and bargaining, the federal government had at length increased its offer to the provinces to $109 million in February, when the last conference was held, from $65 million in October, the minister expressed his satisfaction. This increase of $109 million is calculated on the basis of estimated payments which would have been made in 1957-1958 under the present agreements, had these remained unchanged.

These new proposals are embodied in rather complicated formulas, upon which the minister did not enlarge at any length. These formulas are given at page 2328 of *Hansard* and I will not repeat them here. However, I wish to point out that the federal government is satisfied since the minister says so at page 2316 of *Hansard:*

> Under all the circumstances we believe our offer is eminently fair and it is reasonable and realistic in the light of federal and provincial responsibilities.

However, Mr. Speaker, I believe that the provinces are not dancing to the same tune; in fact, I believe that their reaction is directly the opposite. As far as I know, no provincial premier has been able, upon leaving Ottawa in February, to tell the same thing as the Minister of Finance, that is:

> Under all the circumstances we believe our offer is eminently fair and it is reasonable and realistic in the light of federal and provincial responsibilities.

I do not think that any provincial premier made a statement along the same lines. The statements issued since that time are unequivocal particularly the one made recently by the premier of Ontario (Mr. Frost), the day following the budget speech. "Ontario, he said, did not get a single cent out of the new proposals. We complain, but Ottawa is playing deaf. We want to assume our responsibility, we ask for nothing new that does not belong to us. As I say, Ontario is only seeking to get a reasonable share of the tax fields granted our province by the constitution." Since that conference was held, I believe that each of the premiers of the provinces of Canada has made a similar statement.

Mr. Speaker, the new proposals offer no solution at all in the matter of tax centralization, and as Canada keeps growing this is bearing more and more heavily on the provinces.

The development of our country imposes on provincial governments very heavy responsibilities which they have to meet under the constitution.

I would even say that the development of this country burdens the provinces with additional expenses while the benefits of our present fiscal system accrue to the federal government, since the amount of the budget is geared to the amount of the national income.

Mr. Speaker, sections 92 and 93 of the constitution, which it is well to recall from time to time, list the powers held exclusively by the provinces and the fields which are the responsibility of provincial legislatures. The ones concerning us as regards expenses are listed in paragraphs 6, 7 and 8. Paragraph 6 includes:

> The establishment, maintenance, and management of public and reformatory prisons in and for the province;
> 7. The establishment, maintenance, and management of hospitals, asylums, charities, and eleemosynary institutions in and for the province, other than marine hospitals;
> 8. Municipal institutions in the province;

And the tenth paragraph includes:

> Local works and undertakings other than such as are of the following classes.

Then there is mention of public works within the limits of a province, highway construction in general, in short, all public works.

Section 93 gives provinces exclusive powers in the matter of education. Each province passes its own legislation concerning education. Add to that social legislation within the jurisdiction of the provinces. There we have an idea of the heavy obligations carried by provincial legislatures.

It is undeniable, Mr. Speaker, that the development of this country involves financial burdens for the provinces. Who will deny the urgent and heavy needs of education at all levels: universities, high schools, technical schools, primary schools, in all provinces? According to experts and to ministers responsible for education in all provinces, these burdens will increase further in the future and will become greater according to needs.

Provinces have the duty and the responsibility of providing for universities, technical schools, school boards and secondary schools. An examination of the financial statement of those institutions shows that their needs are urgent.

The same thing applies to municipal corporations. Most of those corporations, not to say all of them, are badly in need of health and social welfare services.

They must provide waterworks, sewers, sidewalks, streets, establish fire-fighting services and so forth. All those works are urgently needed as a result of the rapid development of cities and towns. The state of imbalance of municipal budgets shows that corporations are absolutely unable to cope even with essential works.

The same situation prevails in the provincial field of highways, public health, school legislation and public works. Each of the Canadian provinces cannot cope with essential needs because legislatures do not have sufficient revenues and they would not be able to do more as a result of the new offers now made by the federal government.

Mr. Speaker, the Canadian constitution gave the provinces the power to legislate in the field of direct taxation in order that they may have sufficient revenues to fulfil their obligations. Paragraph 2, section 92 of the British North America Act states that in each province the legislature has the exclusive right of legislating in matters of direct taxation within the limits of the province in order to raise the necessary revenue for provincial purposes. That section, Mr. Speaker, still appears in our constitution.

In 1942, in order to meet the needs of national defence, the federal government laid its hands on the provincial taxation powers but only after having undertaken to return such rights to the provinces at the end of the war. Eleven years later, after many conferences and bargaining sessions, the provinces have managed to recover a small part of what is rightfully theirs.

With the money obtained from provincial sources of revenue, the federal government has handed back a few millions in the overbearing manner of a millionaire throwing a few crumbs. This fiscal centralization allows the government to accumulate sums of five billions of dollars a year, an invitation to waste and extravagance as has been shown by the Currie investigation and the more recent evidence of retired officers. This happens when all other levels of government, provincial, municipal or educational, can barely get by and have not enough revenue to meet their needs.

There is enough taxation money in Canada to meet all needs. The taxpayer is bled to the limit on account of that centralization. It is a problem of distribution resulting from the fact that neither the spirit nor the letter of the Canadian constitution has been respected.

The budget brings no remedy. Inevitably this will lead, one day or another, to disastrous consequences for the federal system on which Canadian politics is based.

Mr. Lesage: Mr. Speaker, would the hon. member for Dorchester (Mr. Perron) allow me a question?

Mr. Perron: Certainly.

Mr. Lesage: Is the hon. member for Dorchester opposed to the very principle of the formula which is the basis of the recent proposals made by the federal government to the provinces? I am asking him if he objects to the principle itself of the formula; I am not talking about amounts.

Mr. Perron: I am not too keenly interested in formulas. What I would like, is to see direct taxation rights given back to the provinces. That is what I said in my speech; let us give the direct taxation field back to the provincial governments to satisfy provincial needs, as has been provided by the constitution.

Mr. Lesage: Then, the hon. member does not object to the formula?

Mr. Perron: I do not object to that special formula; what I am opposed to is the limitation of amounts.

Mr. Lesage: You are opposed to the limitation of amounts, but not to the principle; is that right?

Mr. Perron: Of course, if a citizen from one province or another were to be permitted to deduct the direct taxes collected by that province, I would not object to it.

(Text):

Mr. Colin Cameron (Nanaimo): Mr. Speaker, the Conservative amendment to this motion, I think, puts its finger on one of the oddities of this budget which has been presented and of the address given to us by the Minister of Finance. It was an address and a budget presentation singularly devoid of information. In fact, I begin to wonder whether in future we may expect to have

budget speeches as empty of content as the speeches from more august sources to which we have become accustomed, speeches that conceal more than they reveal.

However, the Minister of Finance did give us more information in another place, in the papers he tabled a day or two before the presentation of the budget. In those papers one can glean one piece of information that gives one some idea of just what is taking place in the Canadian economy at this time, the economy the minister referred to as so buoyant and optimistic.

I am always interested in the people behind the statistics. Sometimes we tend to lump human beings into columns of figures and call them so many of this and so many of that. I like to find out what is going on with the people themselves when we look behind the figures. On page 11 of the papers tabled by the Minister of Finance I find this:

> In 1955 . . . improved business conditions brought about a large increase in labour income and there was at the same time a substantial recovery in net farm income because of a better western grain crop. These were the major factors in the increase of $1,593 million or 9 per cent in total personal income. Labour income, which is by far the largest element in personal income, rose by $872 million or 7 per cent, and accounted for 55 per cent of the total increase.

When we read that, we feel that the ordinary Canadian citizen is probably doing fairly well with the buoyant economy which the minister boasts is actually here. But then when we turn back in the same document to page 6, we find some other information that reveals that there were other people in our economy who were doing very much better than those categorized as labour or farm. We find on page 6 the following:

> In 1955 investment income increased by $756 million or by about one-fifth, and reached a total of $4,471 million.

There is rather a striking contrast between the increase of 7 per cent that was added to labour income and the increase of 20 per cent that was added to investment income. It is particularly striking in view of the fact that it does not actually reveal the whole of the tribute levied on the economy of Canada by those who own the means of wealth production, because I discovered this. Not only was there an additional $756 million distributed by way of dividends, rent and other forms of investment income, but I also find that there was a tremendous amount of money left in undistributed profits to Canadian corporations, amounting as a matter of fact to almost a billion dollars, $913 million which, in addition to the dividends distributed, amounting to some $727 million, makes a grand total of $1,640 million that went to the owners of corporation shares in Canada.

That does not tell the whole of the story, because the Minister of Finance tells us on page 14 of his white paper of certain other emoluments accruing to business, and he points out that business saving is composed of two principal items, depreciation allowances and undistributed profits. I have already pointed out that in 1955 undistributed profits amounted to $913 million, and I also find that there was some $206 million in depreciation allowances.

It is true enough that part of depreciation allowances can, I suppose, correctly be classified as depreciation costs. They do actually go to replace worn-out capital goods. But the very fact that the minister describes depreciation allowances and lumps them with undistributed profits as part of savings indicates what, of course, most of us have always known, that a very considerable part of what we know as depreciation allowances are in actual fact hidden and undisclosed profits.

I suggest, Mr. Speaker, that there is something a little odd about an economy which distributes its wealth in the way in which we do in Canada. I consulted the taxation statistics published in 1955 and based on the figures for 1953, and I found that those who are classified as being in receipt of investment income constitute only 5·75 per cent of the total of our taxpayers. When we take into account the fact that the taxpayers of Canada only constitute a proportion of the adult population, then we can see what a very small proportion of our population is receiving this enormous sum of money each year which accrues in the form of dividends, undistributed profits and depreciation allowances. They are only 5·75 of the total of income taxpayers, and they number some 62,320 people which, if one consults the census figures and the dominion bureau of statistics figures, one will find amounts to about 1 per cent of the heads of Canadian families. One per cent of the heads of Canadian families were in receipt of nearly $2,000 million in 1955.

Let us compare that with those who are receiving labour income, which was classified by the minister as the largest item of personal income. According to the taxation statistics, employees constitute 73·14 per cent of the total of income taxpayers. We have to remember that there are a great many people who not only are not in the 5·75 per cent of taxpayers who draw investment income but are not in the 73·14 per cent of taxpayers who constitute the labour force employees of

the country. There are a great many employees in the country who do not reach that category at all, which makes the proportion of those who are in receipt of investment income even more strikingly small.

Just what have we been doing with regard to this distribution of wealth in Canada? There are some very interesting figures to be gleaned from dominion bureau of statistics publications. I find, for instance, that it is estimated that in 1955 the amount of corporation taxes accruing to the treasury was some 17 per cent more than it had been in the previous year, 1954. I find also that the increase in corporation profits in that same year was 24 per cent. Most striking of all, Mr. Speaker, I find that the increase in profits after taxation was no less than 30 per cent.

When we are faced with this situation it is extremely difficult to understand the government's determined maintenance of the scandalous tax exemption accorded to investment income in this country. I know that the traditional and classical explanation of it is that we require to encourage savings in order to promote investment and thereby develop our economy. But I suggest to you, sir, that when the corporations of this country put aside $913 million in the form of undistributed profits and when in addition, due to the generosity of the government, they are also able to tuck away another $206 million in depreciation allowances, we do not need to worry very much about making sure that the people who are drawing investment money are going to have some savings in order to reinvest them.

I suggest that the situation we have to face is this. While there are 62,000 odd in receipt of investment income, among those 62,000 there will be many thousands whose personal share will be extremely small, a matter of $100 or $200 a year, if that much, and they are all lumped in with the 62,000. I suggest, sir, that if we could only find out just how much each one of the 62,000 was getting we would be able to narrow this down to a minute group of our population in control of this vast sum of savings that accumulate from the processes of industry.

Not only that, sir, but we have had plain evidence for some time past, and it has been stressed again and again in the house this session and mentioned outside the house, that the investment policy of those who now control the pools of wealth in this country is highly unsatisfactory both to financial and to political leaders. I suggest, sir, that we might do well to consider placing more in the hands of the ordinary Canadian citizen rather than continuing to place it in the hands of those people who are apparently reluctant to use the privileged position we have given them for any consistent policy of development in this country, with the consequence that we hear on all sides, we heard it again today, cries of distress because of the influx of United States capital taking over the riskier and more adventurous types of development in Canada.

I suggest to you, sir, that not only is there something very unhealthy in giving special privileges to this already extremely privileged group, but there is something very dangerous about it too. While it is true that the increase in investment income did not quite reach the increase in wage and salary income, it came very close to it, and while it did not quite reach it, nevertheless the increase in wages and salaries does indicate a very serious situation in our economy when compared with the increase in investment income and the increase in undistributed corporate profits.

I do not think we need be surprised that this is the case. We have had evidence that there is something quite unhealthy in our economy. This session we have had some more strong evidence of it, because I cannot consider any society healthy in which there is a profitable field for loan companies to lend at 24 per cent to enable people to pay their bills. There is something radically unsound in our methods of wealth distribution in this country. In fact I believe, Mr. Speaker, we could perhaps draw an analogy from the natural world. We all know that when the prospective victim shows signs of sickness and failing, the vultures appear. The vultures are appearing in great numbers on our economic horizon to take advantage of the straits in which a vast number of Canadian people find themselves, due in no small measure to the taxation policies of this government, taxation policies which are flagrantly designed to favour those who are already privileged at the expense of those who are reduced to borrowing from these vulture small loans companies.

Now, Mr. Speaker, if this is our situation at the present time, and no one can deny it is—certainly there would be no field of operation for these small companies if the ordinary Canadian citizen were getting a larger share of this increase in wealth production—then the situation tomorrow may be very much worse. It may very well be that the already inequitable and extremely dangerous economic division of wealth in Canada will be still further distorted by developments that are now taking place in industry. The other day I was interested to note that one of the contributions of the Department of National Health and Welfare to the health and welfare of the Canadian people was the installation of automatic machinery for calculating and making out

cheques. It is a very efficient piece of machinery. It now requires only 286 man or woman hours in place of the 15,000 man or woman hours that were required by previous procedures in making out these cheques. I am not for one moment complaining of the department installing this modern equipment, but I do suggest we should be asking ourselves, what is to become of the people who are displaced? We should be asking ourselves whether the Department of National Health and Welfare is solving its problem by, shall we say, eliminating the necessity for family allowance cheques in the near future by eliminating the possibility of Canadian couples raising families.

This is one of the things that is going to increase this disparity, because the installation of equipment of this type in ordinary business enterprises is undertaken for one purpose only, and that is to cut down on the total disbursements in wages and salaries. There is no other purpose for it. The efficient and competent business manager is, of course, by the very nature of his position, bound to be looking around for means to reduce his payroll. He would not hold his job very long if he were not doing that. Ominously enough, today there is apearing on the scene an array of innumerable types of equipment which will enable the economical, the up and coming business manager, to reduce the total volume of wage disbursements. Then we may find the Minister of Finance introducing a budget and presenting us with a white paper that will no longer be able to say that the increase in labour income accounted for 55 per cent of the total increase in personal income. As a matter of fact I thought that was a scandalous enough admission to make when we consider that the employed class in Canada is by far the largest section of our community. Approximately 4 million people are engaged in working for wages and salaries, yet their increase in personal income only amounted to 55 per cent of the total increase in personal income in this country.

Those are some of the problems that are presented to us, and some future minister of finance is going to have to face them. I believe, sir, even our present minister may be going to face some more difficulties in the future, and I wonder if he perhaps has some uneasy inkling of it. I was very interested in finding that Canada's Minister of Finance, in introducing his budget, made no reference either oblique or direct by one single word to one item of budgetary expense in this country, an expense that constitutes, or did until recently, almost half our total government spending. I looked in vain through the minister's speech for any reference to the $1,775 million we are proceeding to spend on defence again this year. I was interested, in looking at the estimates, to find that exactly the same figure is put down this year as was put down last year. Hitherto there have been some variations of a few hundred million, but now this figure of $1,775 million is put down in the estimates. I wonder, sir, if defence spending has become a sort of sacred cow at that particular figure, because of course there is nothing so easily defensible as defence expenditures and nothing so dangerous to criticize. But I suspect, Mr. Speaker, that even our present government in Canada has realized that we are moving into some sort of new era in the world, and that possibly the courses we have followed will be proven to be ineffective in protecting us from the sort of dangers our form of society presents.

The other day I was interested in reading an article by a distinguished British journalist. He pointed out that Great Britain, of course, is now facing the fact that it is not possible for her to develop effective defences. Her only hope is to develop a real and effective disarmament program in the world. I suspect that our Minister of Finance plunked down this nice round sum of $1,775 million for defence because that is the handy thing to do. I suspect he is well aware that in all probability before the next 12 months are out Dr. Solandt or some eminent person will put another banana peel underneath the defence program of Canada and reveal again to the astonished population that all these incredible quantities of money and labour that we have been dedicating to defence are, in fact, money and effort down the drain. The government will have to face the problem of either embarking on a larger, more expensive program of military defence, one which I think is beyond the capacities of a country of our size, or will have to abandon much of the present spending.

Now, of course, that cannot be done without some economic repercussions, and it would not do to have economic repercussions in 1956. But, Mr. Speaker, on the other hand, if in 1957 it were possible to make a good slash in the defence budget, and a corresponding election-pleasing tax reduction, then by the time the government was back again and the inevitable results of severely curtailing our defence expenditure became evident they would be safely back in office again to struggle with it for the next four years.

I remember once suggesting to the minister's predecessor that I thought before the year was out he would reduce defence expenditures by at least $200 million, but the hon. gentleman of course pooh-poohed the idea as ridiculous, as giving way in the face of the enemy. Curiously enough, by the time

that year had elapsed we did find that defence expenditures had been reduced by some $175 million. I shall not be surprised—in fact. I shall be surprised, Mr. Speaker—if next year the Minister of Finance does not place in the estimates a much more realistic and much more believable figure than $1,775 million, a repeat of last year and this year. I suspect we shall find a very large reduction, and we shall be told then, of course, that there has been a tremendous change in the international climate; we shall be told that the cold war is warming up.

Mr. Argue: In case there might be a change in the climate at home.

Mr. Cameron (Nanaimo): Now, I do not object to that, Mr. Speaker, and I fully realize the difficulties of the minister's office; but I would suggest this to him. It would have been a little more convincing if, instead of having again just obviously taking the second sheet from last year's estimates to put in this year's estimates he had, for instance, put down a figure of $1,773,000,253.49, or something like that. We then might have believed that some real, serious thought had been given to our defence budget. I myself find it very difficult to believe in the reality of this very apt figure when I see it appearing again and again, and apparently assuming a fixed place in our budgetary estimates.

I am prepared to agree that perhaps it is necessary, not merely from the defence point of view but from the point of view of defending the country and defending our economy from a serious reverse, because I always remember, Mr. Speaker, the word of warning that was given to the banking and commerce committee by the deputy minister of finance a couple of years ago. He warned us then that any severe cuts in defence spending would be bound to have very serious repercussions on the Canadian economy.

I will conclude with this, Mr. Speaker. Sooner or later these cuts will have to be made, because not for very much longer are we going to be able to justify these expenditures to the Canadian people. After all, they also read, just as members of parliament do. They read the things that Dr. Solandt tells us, which increasingly makes one wonder just what is happening up on the D.E.W. line, whether there is any purpose in going on with it. The Canadian people are reading these things and before very long they are going to ask for something more than the statement that it is going to cost $1,775 million to defend us from the Russians. They are going to want to know, for instance, whether there is any reasonable expectation that this expenditure can protect us from the Russians, and whether there is any reasonable case to be made out for it.

I submit, sir, that the case is becoming shakier and shakier. Then this government will have to face a very difficult situation. They will have to face the curtailment of expenditures that have been a major factor in our economy in the post-war period.

I only hope, sir, that the Minister of Finance has some more detailed plans for dealing with that situation than by continuing to give tax exemption credits to dividends and by continuing to permit the piling up of profits to an extent that is unequalled in our history. I hope the minister is going to take some very definite and serious steps to redistribute income in Canada, not merely from the point of view of equity and justice but from the point of view of economic survival, because I suggest to you, sir, that the present income division and the present shaky foundation of our economic prosperity, based on this magic figure of $1,775 million, is far too dangerous for us to continue indefinitely.

Mr. Raymond Bruneau (Glengarry-Prescott): Mr. Speaker, the budget now under study and the tax policy proposed for the next fiscal year reflect, I am sure, a tendency toward a healthy economy and financial security for our country at large. With a gross national product yielding about $28 billion in 1956 and a tax structure which will bring in revenue of about $4,775 million and possible expenditures of about $4,650 million, we shall have a surplus of about $125 million. One will then readily understand that in these exacting times, with commitments under the NATO scheme and the Colombo plan, with our national defence preparedness and our schemes of social security, one would be justified in summing up the criticism regarding the present fiscal policy with the Shakespearean expression, "Much ado about nothing".

The economic stability toward which all government policies are directed can be considered, I think, as the cornerstone of our national life. The budget before the house leaves us with no doubt as to the good effects of the policies applied in every field by a wise government, and the people of Canada are also entitled to a share of commendation for these achievements.

As the Minister of Finance very justly pointed out in his budget speech, "Careful judgment and wise spending policies are not solely a matter of concern to public authorities. Those are responsibilities of each one of us, regardless of his role in the economy". As a rule we can say that the people of

Canada are co-operating fully with those they have selected to conduct the affairs of the country. Among other things, I noticed in the speech of the Minister of Finance the interest of the government in the credit unions and co-operatives, saving and lending societies. Important unions and co-operatives and companies of that kind are operating in my constituency, and I know what they mean to the average farmer as well as to the average citizen. I firmly believe that the intention of the government is to help these organizations to acquire an even more stable financial basis, and they have taken an important step in that direction. The extension to them of privileges and opportunities which were not open to them until now will surely greatly benefit the population at large.

Before speaking on other points arising from the budget speech and from the general financial position of the country, may I note with pleasure the hint given by the Minister of Finance as to the possible salary increases of the federal civil servants. If these increases are granted they will represent large sums of money, and together with other large additional expenses the government will have to face during the next fiscal year I think they will represent a considerable accomplishment in realizing the prospective surplus of $113 million especially if we consider that there will be a $12 million decrease in sales taxes assessed at the manufacturers' level, and also considering the fact that the provinces will receive much higher revenues guaranteed under the federal tax sharing offer.

I should like, Mr. Speaker, to touch upon a few subjects which are of particular interest to my constituents. I would feel guilty and my constituents would be justified in blaming me if I did not mention the interest we all have in the ways and means of assuring peace in the world. We are among those who believe that our country has really been working toward peace through the actions of this government. Canada has been and will continue to be one of the main supporters of the North Atlantic Treaty Organization. We believe the reason for the government's policy is that Canada cannot live as a contented nation if the peace of another important part of the world is in jeopardy from the forces that seek to bring about the destruction of civilization. In NATO we find the basic ideas of "Liberté, égalité, fraternité" as they were laid down nearly 175 years ago, but there is something more. There is the survival of democratic ideals as they exist now, no matter how different from the original version they may be. Canada has taken a definite stand to defend these principles and what has been acquired through them. We feel that NATO is the body that can do so.

The Minister of Finance has emphasized these basic concepts in his budget speech by asking parliament to appropriate important credits for Canada's participation in NATO and for the implementation of a strong national defence program. We must first secure peace for the people of the world and for ourselves as Canadians.

The reasons for which peace must be secured are obvious. There is scarcely any need to explain why Canadians want peace, aside from the fact that they are human beings. Canada knew prosperity in time of war; it remains that our well-being depends mainly on a sound normal economy. Moreover, peace cannot be preserved solely by force of arms. Canada has devoted much effort in helping the underdeveloped countries by participating in the Colombo plan. Many of my constituents have suggested that the government should allocate an extra amount of $9 million toward that end.

I would like to thank and congratulate the Secretary of State for External Affairs for having asked the house to vote an additional $8 million for the Colombo plan. Perhaps you would allow me, sir, to congratulate the various women's groups of Glengarry-Prescott for bringing to my attention resolutions to that effect.

Now, what about our economy? To obtain as high a degree of prosperity as possible, the government during recent years has adopted a series of measures aimed at achieving a fairer distribution of wealth amongst the various classes of our society and bringing a higher degree of well-being and security to all. In the economic field particularly measures have been implemented to increase production and dispose of our products on the markets of the world, as well as on our own markets.

Unfortunately there are still many sectors of our economy where there is over production, where the producers have to struggle hard in order to make a living and keep their industries alive. This government is fully aware of that fact and has proved it by asking this house to vote guarantees for bank loans to producers secured by their grain, in order to provide an immediate source of funds where they may be needed, and also by authorizing the treasury to bear the cost from August 1, 1955, of storage and interest charges on wheat held by the wheat board over and above its normal carryover levels.

I for one approved with pleasure such measures, but as the representative of a very

important dairy producing area of eastern Canada, I feel that the dairy industry should also receive help and protection by means of subsidies proportionate to the money spent to help the western grain farmers. It is not a case of saying, "They received an apple; we also want one." There is a real need for such help among the dairy producers.

Incidentally, on that matter may I draw to the attention of the Minister of Agriculture correspondence received from various agricultural organizations in my riding requesting that the present 58 cent floor price on butter be maintained. This is one of the measures for which the government is to be commended, and I wish at this time to thank the Minister of Agriculture for maintaining this policy in force.

I wish now to speak about the cattle breeders of eastern Canada. I need not emphasize here the difficulties met by these groups in finding markets for their production at reasonable prices and in meeting the competition from western Canadian producers as well as that from other countries. Like the wheat growers, the cattle breeders constitute an important part of the Canadian economy, and as such their industry should be kept healthy in the interests of the entire Canadian economy. For that matter I might mention that the hog producers of this part of the province are now operating at a not too encouraging profit.

In the agricultural field I am glad to note that the government has asked parliament to increase the amount of loans which may be made by the Canadian farm loan board, and that it is seeking to amend the Farm Improvement Loans Act.

I have here, sir, a brief which was sent to me by the secretary of the Glengarry federation of agriculture, submitted by the Canadian Federation of Agriculture, in which it is stated that it is their hope that the government will encourage and assist financially the development of programs to regularly provide milk to children in primary and secondary schools. The brief also points out that it seems hardly reasonable that on one hand Canada should support all sections of the milk industry through its butter support program, and at the same time have in effect a special nominal rate of duty on imports of skim milk powder and cheese from what is perhaps the lowest cost producing area in the world, namely New Zealand. In order to permit Canadian producers to fully develop their home market the federation recommended that the special tariff agreement with Australia and New Zealand be revised to raise the present duty on cheese to an effective level, and to bring the duties on skim milk from those countries to 3½ cents per pound. Further, until such time as these duties are imposed, arrangements should be made to use the Export and Import Permits Act to control imports of cheddar cheese and skim milk powder.

The brief asked that the federal butter aid program for institutions be further explored and continued, and that a plan be established for distributing dairy products such as milk and butter to certain categories of needy people by the use of coupons which could only be used for the purchase of those commodities; and that adequate protection be provided against cheap imported edible oils and against products from which edible oils can be obtained.

This brings me to the industrial problems our country is now facing. First may I say that the government was never so well advised as when it asked for an extension to the scope of the industrial development bank.

(*Translation*):

As our good friend, the hon. member for Bellechasse (Mr. Laflamme) has so rightly mentioned, when seconding the address in reply to the speech from the throne, the government, in widening the field of activity of the industrial development bank will certainly promote the development of lesser industries. I entirely agree with him when he stresses that increased government assistance to lesser industries would be of very great help in solving the problems of unemployment and housing. But I shall go further than that.

(*Text*):

The growth of small industries is necessary to the survival of older urban districts like the one I represent in this house, but in addition I firmly believe that the decentralization of industry is necessary if we are to solve the acute problems of unemployment and housing and secure stability for the Canadian economy. For instance, we all know that in eastern Canada the bulk of industry is centralized in the main cities, leaving dozens of other areas with a second-class economy and a rather lean population. Because of this situation I contend that a large proportion of the population of Canada situated in villages, towns and small cities is not getting a just share of the high standard of living which this country is now experiencing. In those villages, towns and small cities the income is generally lower and the incidence of unemployment is higher than anywhere else. In some cases these unemployed people probably find temporary or sporadic work in the large centres; but speaking as a human being, who would want to leave his own town and his family in order to go away and live sometimes under deplorable conditions in a strange city? In

any event the housing situation that exists in many industrial areas is enough to keep anyone away unless forced by starvation to make such a move.

It is all very well to attempt to encourage home improvement by increasing the amount of the loans available for this purpose, and to encourage the redevelopment of older sections of large cities, but the fact remains that many cities and urban areas are overcrowded and the general feeling is that no solution will be found for these problems until other areas and cities are thought of in considering the decentralization of industry.

For instance, in my own constituency of Glengarry-Prescott there are scores of communities possessing facilities for the establishment of new industries or the re-establishment of previously existing industries. Geographically speaking, we are located exactly halfway between Montreal and Ottawa. The lines of the two great Canadian railways cross the constituency, which is quite active economically. I submit that this would be an ideal spot for the establishment of new industry or the relocating of industries already established. We have unemployed people who would benefit from these new industries, and we also have the space available for the building of homes. The moving of industry to Glengarry-Prescott would certainly help our people, and it would also serve to assist the heavy industrial zones by freeing housing units and preventing newcomers worsening the housing situation in those cities and their suburban areas.

While I am speaking for my own constituency, I know there are dozens of other constituencies which could also offer good industrial facilities and which would like to have a fairer share of Canada's prosperity. I believe it is high time that industry should break the economic barrier of large cities where factories are clustered together, and migrate to the smaller places available in our spacious country.

However, this does not mean that the people do not appreciate the latest amendments to the housing act enacted by the government, which will permit them to borrow larger amounts for the making of payments on new homes. Every day more and more people are taking advantage of the provisions of the housing act, but it is our contention that the decentralization of industry would do much to alleviate this problem of home construction which Canada is now facing in the large as well as in the small communities.

Moreover, is it not recognized that the decentralization of industry is an important asset to national security? According to studies in business policy as published by the national industrial conference board, many United States enterprises have followed this line. This publication quotes an executive of a big company as follows:

> National security considerations have entered into our selection of new plant sites to a certain extent. Given the choice between two otherwise equal locations, we have chosen sites not too close to large centres of population or other possible targets.

The same publication states:

> During world war II a decided shift in the sizes of towns chosen for increased industrial activity became evident. Almost half the factories of the large multi-plant companies co-operating in a conference board survey made in 1948 were situated, prior to 1940, in cities of more than 100,000 population. Only one-fifth are in towns of less than 10,000 and less than one-third were located in medium-size cities of 10,000 to 100,000 persons.
>
> During the eight years 1940 through 1947, however, a radical change in the pattern set in. Small and medium-size towns became much more popular throughout the nation, to the detriment of the large urban centres, according to co-operating companies. As a result, by the end of 1947, large, medium-size and small communities each had accounted for an almost equal share of the reported wartime expansions involving construction and purchase of new plants.

Along with this may I point out that decentralization would also be to the advantage of the companies themselves. Finally, on the matter of national security as well as economic stability I should like to quote a representative of a big textile manufacturer, who says:

> Decentralization spreads the risk of conflagration and catastrophe. Because we produce a national brand line, continuity of service is paramount in our company.

For the above mentioned reasons I should like to direct the attention of the right hon. Minister of Trade and Commerce to this problem, and make a suggestion to the government. My suggestion is that the government consider immediately the possibility of working out a master plan for the decentralization of industry. The problem is most urgent and wide-ranging. I would suggest the appointment during this session of a committee, independent of the commission on economic prospects, to investigate and study the situation and report to the government.

Among my reasons for speaking of a decentralized industry was the general welfare of the people. From that same motive I would like to point out the importance of establishing as soon as possible a health insurance scheme from coast to coast, in co-operation with the provincial governments. I know I do not have to convince the members of this house that such a plan is essential if we are to live up to the expectancies of our social standards. I wanted to stress our hope

that enough provinces will concur to implement the scheme put forward by the federal government so it can benefit as early as possible those who cannot afford the inevitable luxury of illness on an average salary.

I am happy to state here that I was informed that 8,000 acres of peat bog land near Alfred, 40 miles east of Ottawa, are being reclaimed for a multi-million dollar development to supply eastern Ontario and United States markets with prepackaged and frozen produce. The development is expected to employ between 600 and 800 people, most of them on a year-round basis, and a good many more at the height of seasonal production. Trenching crews have been working this winter setting up drainage routes. Fourteen miles have been completed.

For the past 10 or 15 years the Alfred bog has been looked upon as useless, but now developments in horticulture have made its development look more feasible. There has been a peat development, but the market for the peat is small. There was a small experimental development in market produce at the Caledonia Springs end of the bog, but a peat fire ended this. Large amounts of capital on which there can be no return for three or four years are going into the development.

Before closing I would like to say a few words on a subject which I have always had at heart, that of the possible creation of a national department of youth. Nearly every session since I have been elected to this house I have advocated such a move by the government. I now feel it is more urgent than ever. Canada now has passed the crossroads of its destiny, but we must see to it that tomorrow will not force us to turn back. No matter how sound and healthy our policy is today, we are bound to a collapse if the young men and women of today are not adequately prepared to take over from our present leaders and tackle the problems that lie ahead of us. I am thinking, for instance, of extending to as many as possible a fair opportunity to go ahead in life. Without interfering with the provincial rights in education, through appropriate arrangements between governments a system of scholarships could be established on a national basis to help those who have talent but no money to take their full share of duties and advantages in Canadian life.

In this connection may I point out that the national federation of Canadian university students, which represents over 50,000 students at more than 20 Canadian universities, has been and still is conducting a campaign in that direction in order to help deserving university students. The students are seeking the payment of bursaries and scholarships in the form of 2,500 annual awards, each tenable for four years. Fully under way, such a program is estimated to cost approximately $5,500,000. The federation feels such an objective is broad enough to assist "valuable good students as well as the merely brilliant, but not so broad as to be revolutionary". Personally I think $5,500,000 is not an exaggerated sum to be devoted to the preparation of our leaders of tomorrow. Other countries are devoting much more money than that to the same purpose; and some of them, we must agree, do not have the same need for it as we have, being older and bigger countries than Canada.

This is only one point. As you know, there are many others that can be integrated in a homogeneous program to be administered by a new department of youth. Such a department, I understand, cannot be created from thin air, and would require a certain shifting in the present governmental departments and services. A thorough study should be given to the matter by government experts in cooperation with lay organizations specializing in the problems of youth, in order to define exactly which part of the administration should be entrusted to the new minister of youth. In order to prevent too great a disturbance in the present administrative services, I would suggest that to start with the new department could be entrusted to a minister already appointed. The hon. Secretary of State, for instance, would be a logical choice.

The government realizes fully, I know, the utmost importance of bringing our youth to the level of the heavy responsibilities they are to face in the future, and I am sure they will neglect nothing to reach that goal. The good administration of a country undoubtedly is to be found in healthy internal and external policies in the economic and diplomatic fields, but this cannot attain long-range success without adequate protection and development of the fundamental human values that are to be found in the younger generations.

Peace at any cost to preserve mankind and our Canadian way of life; a sound policy to spur our growing economy and secure a still happier life for our people, and the preparation for the future by adequate help to our youth—these are a few of the general ideas that in my estimation should be considered as paramount at the present time, and I hope the suggestions I have respectfully submitted to the government will be of some use.

While a budget may not always be to the liking of the cross-section of the people of Canada represented here in this House of Commons, one must not forget that a stable

economy is sometimes achieved at the price of cuts, trimmings and sacrifices. If one will glance at *Hansard* of less than half a century ago, the budget tabled in this very house had to do with expenditures of about $6 million, covering but a few federal departments and an administration that presented but very few intricate problems.

Today—and I am sure, sir, all the members in this house, including those of the various opposition parties, will agree the social and economic life of the country is very closely interwoven with the pattern of federal government, and my colleagues here will vouch to that by the innumerable problems brought to their attention in their relations with their constituents. While we would like to see more measures implemented and more schemes enacted, I believe the people we represent in this house will forgo some improvement for the time being in order to assure security and a more stable economy.

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I intend to discuss today just one item among the proposals made by the Minister of Finance in his budget address. It is an item, however, of rather far reaching implications in what was an otherwise not too noteworthy speech on government policy.

I refer to the minister's proposal to impose a special 20 per cent excise tax on all revenues from advertising received by Canadian editions of foreign-owned publications. These include the Canadian edition of *Time* magazine, *Reader's Digest*, and several trade and women's shopping magazines. This proposal is, in my opinion, a proposal for an iniquitous and dishonest tax, discriminatory in its application and wrong and dangerous in principle.

I hold no brief for the American-owned publications affected. Of some I am a regular reader. Others I seldom if ever see. By the same token I am a regular purchaser and reader of a number of Canadian periodicals for whose particular benefit this proposed tax on certain of their competitors has been concocted. Some of them, like *Maclean's, Saturday Night* and *New Liberty*, occupy a notable place in the Canadian publication world, and are a part of Canadiana I would like to see continue; but not at the expense of imposing a tax on their competitors as unfair and unsound as that contemplated. Later in my remarks I will suggest some constructive alternatives to this tax proposal.

It is perhaps especially appropriate that I speak my mind on this issue, for in addition to being a Canadian with a strong desire to see our country grow soundly and well, I am also a publisher and editor of certain Canadian-owned trade journals each of which competes, and reasonably successfully too, against both Canadian and foreign publications, with many of these competitors enjoying greater advantages by way of financial strength, advertising revenues, circulation and printing facilities than do the publications in which I have a personal interest.

If the principles involved in the proposed excise tax were to be generally accepted by Canada, by their application to more than just the Canadian editions of certain United States-owned journals, there would be a sharp reduction in the advantages now enjoyed by competitors of the publications in which I have an interest, and thus potentially there would be financial gain and lessened competition for my publications.

Mr. Harris: I am not suggesting that.

Mr. Nickle: I would prefer to meet competition by continuing to try to persuade readers and advertisers of the merits of the publications themselves, rather than have my competitors handicapped by unfair restrictions imposed on them by government. The government's sole justification for its proposed tax is that this extraordinary step is necessary in order that Canadian magazines may successfully compete with Canadian editions of foreign-owned magazines. Actually it cannot be logically assumed that financial success and thus the continuance of Canadian magazines would automatically result by imposing a special and heavy tax burden on the competing United States-owned Canadian editions.

Some of these so-called "maple leaf" editions that would be hit by the 20 per cent tax levy might decide to call it quits, in which case scores of thousands of Canadians who now buy these magazines because of the added Canadian material content as well as the basic United States material would be the losers, and also the Canadian tax collector would be the loser. But it does not necessarily follow that the partial vacuum in places to spend advertising budgets would or could be filled by the Canadian magazines who have demanded this legislation. Advertisers put their money into media where they believe the best results can be obtained. They have a wide choice between Canadian and United States periodicals, newspapers, radio, television, direct mail, signboards and so on.

On the other hand, perhaps the publishers of some of these "maple leaf" editions might incorporate all or a large part of the proposed excise tax in their advertising rates, and thus force each Canadian advertiser to make his own decision. He would have to decide whether to carry on in the same publications by increasing his advertising budget or by cutting down his expenditures

in other media; or, in the reverse, by cutting out his advertisements in "maple leaf" editions and using his budget in other media. It is quite possible that Canadian magazines might lose advertising and thus worsen their revenue position if advertisers stick by higher cost "maple leaf" edition space.

On the other hand, there is no assurance whatsoever that a cut-back in "maple leaf" advertising would go to Canadian magazines rather than into newspaper, radio, television or other advertising media. Each medium has to sell its own case to advertisers on its own merits, and there is certainly no assurance that those who seek this restrictive excise tax can garner for themselves extra advertising revenue from its application to a limited few of their competitors.

May I call it five o'clock, Mr. Speaker?

The Acting Speaker (Mr. Applewhaite): If the hon. member can conveniently do so I think he should continue his remarks, as there is a time limit on this debate.

Mr. Nickle: Mr. Speaker, a third possibility if this excise tax is applied would be incorporation into reader costs, that is into the single copy sale price or subscription rates, of the tax or a large part of the tax. Under these circumstances scores of thousands of Canadians would be asked to pay the price of giving certain Canadian publishers the protection they want, or else readers could give up buying "maple leaf" editions for which they have developed a taste. Whatever decision readers may make would not guarantee even a single copy increase in the circulation of the Canadian magazines which seek this tax on their competitors.

The announced purpose of the special tax is to help keep purely Canadian magazines in business by imposing a special burden on certain of their relatively successful competitors, the Canadian editions of United States magazines. I submit there is no assurance that the tax can or will achieve its stated objective, nor has the Minister of Finance submitted any evidence that the publications for which he seeks help actually need it.

Are *Maclean's, Saturday Night, New Liberty* and other Canadian magazines making money or losing money? Have they done and are they now doing a good enough job in setting up their product in a format and with material sufficiently appealing to Canadian readers? Are they doing a good enough job in selling the merits of their publications to Canadian advertisers? If they are falling down on their job, there is even less excuse for imposing a discriminatory tax upon certain of their competitors.

If the proposed tax fails to give these Canadian magazines the kind of profits they would like to enjoy, then what would they seek next by way of cutting down competition for the advertisers' dollar? Well, Canadian daily newspapers, weekly newspapers, such weekly supplements as *Weekend Magazine* and the *Star Weekly*, Canadian radio and television stations, have sold advertisers on the merits of using their facilities. If Canadian editions of United States magazines are beaten down to size by the imposition of an excise tax on their advertizing revenue, why not push for the imposition of a similar kind of levy on one or more of the Canadian magazines' other competitors right within Canada? Or maybe we can dream up some kind of legislation to force Canadian advertisers to allocate their advertising budgets among specific media on a basis which will guarantee that Canadian magazines will get a big enough share.

Principal targets of the current special tax are the publishers of the Canadian edition of *Time* magazine and the publishers of the English and French language editions of *Reader's Digest*. Both of these are Canadian corporations, although owned by United States parent companies. Both have headquarters in Quebec province. Both pay full Canadian corporate income taxes on 100 per cent of their profits from circulation and advertising in Canada, together with Quebec local taxes. Their liability to tax collectors in Canada is exactly the same as that of the Canadian-owned publications.

Reader's Digest prints its two Canadian monthly editions in Montreal, providing a very sizeable addition to the earnings of its Canadian printer and his employees. *Time* prints its Canadian edition in Chicago, apparently because no Canadian printing company is at present in a position to meet the tight and fast *Time* schedule essential to a weekly news magazine.

These, then, are the principal targets of today. They are both United States-owned Canadian corporations which share the fruits of their successful enterprise with Canadian tax collectors on exactly the same basis as any other purely Canadian corporation. In addition, when and if they have dividends to pay to their United States parent, they leave an additional withholding tax levy with the dominion tax collector. Well over half their profits thus already wind up in the hands of government in Canada.

Now, in response to demands from Canadian magazines, the government would impose a stiff 20 per cent tax levy on their gross advertising revenue on top of levies already imposed, thus jeopardizing their successful continuance in Canada and perhaps even driving them out of Canada. Drive them out of Canada and they would presumably reach

north to Canadian readers with regular American editions, on the same basis as the mass of United States publications which are not affected by the proposed excise tax. They would cease to be important contributors to Canadian tax collectors.

The Acting Speaker (Mr. Applewhaite): Order, it being five o'clock, Mr. Nickle moves—

Mr. Harris: Before you put the motion, Mr. Speaker, I may say that I am quite interested in what my hon. friend is saying. I do not know how much longer he intends to continue, but if it is not very much longer I wonder if he might be allowed to complete his remarks so that they would all be on the record in one place.

Mr. Nickle: It would take about 10 minutes, sir, if I had permission.

The Acting Speaker (Mr. Applewhaite): Has the hon. member unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Nickle: Mr. Speaker, with the excuse of trying to maintain profits for Canadian magazines, the government proposes a special tax of an entirely new kind on a limited few of the competitors for advertising revenue. This tax is discriminatory because it applies to just a few, not to all. It is a special kind of tax because it marks the first attempt to levy an excise tax on gross revenue from advertising. It is a dangerous tax because it could open the door to discriminatory levies upon other members of the publishing or other industries where competition is intense. It is dangerous also because the precedent established might well lead to the view that special federal taxes on advertising in all its forms is a legitimate source of revenue. It is dishonest because it provides no assurance that its purported objective can be achieved.

The proposal appears to accept the principle that the larger, more successful of competitors should be penalized by special taxes to prevent them becoming too successful against smaller, higher cost and perhaps less efficient companies in the same field. It is a principle that I find little to my liking if we are to have a free competitive society.

Recently Hamilton, Ontario, became a one-newspaper city when one daily newspaper folded up because it could not compete in circulation and advertising revenue with the Hamilton *Spectator*. If the principle in the new excise tax be right, would it not have been fair to impose a special tax upon the Hamilton *Spectator* to help its competitor? Might it also then be right to impose a special tax on advertising revenue on the more successful newspapers in our own Canadian cities, where smaller competitors have rough going? Going further, we might tack on a special levy on the advertising budget of the more successful merchants in order to raise their costs in relation to their smaller competitors. We could, perhaps, have a lot of fun helping to create more chaos in Canada.

In my own field, as a publisher of trade journals in western Canada, we might then give serious consideration to trying to guarantee continuance of this small, healthy prairie province industry by levying a special tax on advertising revenue on the eastern Canadian publishers of somewhat greater financial strength, who compete with us with the aid of lower unit costs and bigger facilities. This Mr. Speaker, would be a levy against at least one of the Canadian publishers who want a special tax put upon certain of their United States competitors.

I do not seriously propose that last suggestion, of course. If I could not successfully compete by fair means, I would sooner go out of business than resort to demands that my competitors have their wings clipped by extraordinary taxes. However, my business like thousands of others in Canada is managing to successfully compete with larger and more powerful ones. I earnestly urge the Minister of Finance to scrap this discriminatory special tax, and advise the Canadian magazine publishers who sought it to find better and fairer means to compete with the "maple leaf" editions.

As the minister pointed out in his budget speech, it is important to Canada that Canadian publications, by Canadians, for Canadians, telling about Canadians, continue to thrive. Like him, sir, I would not happily contemplate a time when we would not have a Canadian magazine; when there would not be an opportunity for persons with the talent and the time to write and contribute articles on government, scientific matters or some other subjects. Like him, sir, I would not happily contemplate a time when our children could not read a magazine in which there would be Canadian stories based on Canadian history, or Canadian fiction. Certainly we all want purely Canadian magazines to continue playing a part in our Canadian culture. I believe they can, and without discriminatory taxes upon their competitors. I would earnestly suggest to the publishers of our Canadian magazines that they get out and do a better job of determining what Canadians find appealing in the periodicals they buy. They should revamp, where it seems necessary, the format, art work and editorial content to attract more Canadian

readers. They should get out and sell Canadianism to Canadians through more Canadian content in their magazines. If they sell Canadianism effectively, they will sell more magazines.

As to advertising revenue, the flow to Canadian publishers will grow as they sell the merits of their publications to readers. It can also, I am confident, be considerably expanded by a more intense job of selling advertising on the merits of building stronger, better, bigger all-Canadian magazines, and the competitive merits of ads in such publications as compared to all the other media available. If Canadian publishers cannot effectively sell the merits of their periodicals to Canadians readers and advertisers, then they do not deserve permanent existence.

It seems to me there is one way at least in which co-operation between Canadian government and publishers could now help build a sounder national magazine industry and encourage the development of more Canadian creative writing talent. What I have in mind might be called a Canadian creative writing fund, to which government and publishers would contribute each year an equal amount, perhaps $50,000 to $100,000 each. This joint government-industry fund would, under a board of qualified editors and authorities on Canadiana, disburse annual grants in monthly contests for fact and fiction articles, short stories and short novels, Canadian in theme and written by Canadians. I would envisage monthly awards for first, second and third best in each category of writing, being at least comparable to the fees now paid authors by the leading Canadian magazines. Such awards would be treated as payment for the title to the winning articles and stories. The Canadian creative writing fund award winning stories could then be allocated on an equitable basis to Canadian magazines, on the basis of their contribution to the fund, and each story would then become the property of and be published by that magazine.

This proposed measure of government subsidy in a joint effort with Canadian publishers to encourage Canadian writing talent would, I believe, be money well spent in the national interest. It would create a pool of Canadian stories and articles to supplement the editorial material acquired in the normal way by Canadian magazines and could, I believe, contribute substantially to awakening broader interest among the Canadian public and Canadian advertisers in supporting Canadian magazines featuring Canadian material designed for Canadian tastes.

In conclusion, and to get back to the special tax proposed in the budget, may I remind the government of the rightful indignation felt by Canadians a short time ago when the legislature of the state of Maryland passed a measure discriminating specifically against a Canadian company desiring to build a plant and compete with United States firms in that area. Like most Canadians, the United States state department found the discrimination distasteful and unwise, as did the governor of Maryland. This week the governor of Maryland vetoed the bill. I suggest that this government's proposed discriminatory excise tax on Canadian editions of United States magazines will rouse as much rightful indignation in the United States as the Maryland bill did here in Canada. Let us therefore take a leaf from the Maryland governor's book and kill an unfair measure before it ever becomes law in Canada.

On motion of Mr. Ellis the debate was adjourned.

The Acting Speaker (Mr. Applewhaite): It being past five o'clock the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

SIGNATURE LOAN AND FINANCE COMPANY

Mr. Claude Richardson (St. Lawrence-St. George) moved the second reading of Bill No. 166, to incorporate Signature Loan and Finance Company.

Mr. Claude Ellis (Regina City): Mr. Speaker, the other day the leader of this group, the hon. member for Rosetown-Biggar, referred to a report of Mr. MacGregor, the head of the department of insurance, dealing with the increased interest shown by United States loan companies in the very lucrative Canadian field. He pointed out at that time that there had been increasing United States interest in this field through the provincially incorporated subsidiary companies of United States loan concerns. It seems to me, Mr. Speaker, that this is a matter which deserves the very close attention of hon. members.

There have been a number of other events during the past year which have tended to point out the importance of a very close appraisal of Canada's economic position, particularly with respect to the growing United States control of Canadian business. Issues are before this house at the present time. There is the question of the gas pipe line. There are other instances which ought to be a clear warning to all Canadians that we owe it to ourselves to give the closest attention to any proposal which might, even in the slightest degree, increase the extent of outside control over Canadian business.

The people of the United States are much more concerned about protecting their own

interests than we Canadians are in protecting our interests. We in this country have no watchdog such as the federal power commission to protect the consumers of natural gas in this country. In a previous debate an hon. member spoke of a recent event in the state of Maryland where, failing some regulatory body to protect a particular industry in that state, the state legislature had taken action to prevent a Canadian company from engaging in normal business there. In these circumstances I think we cannot allow a bill of this kind to go through this house without giving it our most careful consideration.

As the result of past indecision and lack of concern on the part of this government we have now arrived at the stage where some 83 per cent of the loan business of this country is controlled by two large United States corporations. These two large United States loan companies made profits last year of some $4,800,000. This is money, savings you might call it, which has been drained off to the United States, savings which might under normal circumstances have been available for investment in this country. Indeed, we have had ample indication in recent times of an apparent shortage of investment capital in this country.

These two large companies, having made just under $5 million of Canadian money out of Canadian citizens who had the misfortune to have to go to them and pay the exorbitant interest rates charged, have contributed what to the economy of this country? Have they assisted in the development of our natural resources? The answer is obviously no. Have they in any way contributed to the building up of the industrial capacity of this country? The answer again is no.

Mr. Trainor: How do you know?

Mr. Ellis: What have these companies done? They have come into this country; they have borrowed Canadian money from Canadian banks at lower rates of interest; they have lent this Canadian money to Canadian citizens at exorbitant rates of interest, and as a result of that operation they made profits last year of just under $5 million.

This company may argue that it is performing some service to the people of this country. Certainly it cannot argue that it is contributing to the economic well-being of Canada by preying on misfortune. They are not performing a service in any way. The loans they make are not contributing to the building up of Canada's industrial capacity. The argument is sometimes raised—it was raised in connection with another bill asking for a change in the name of a company—that they are performing some sort of service to the man on the street. Well, in previous debates we have had the question of the profits of small loans companies discussed. It appears quite obvious that these companies are not in business out of a desire to help the people of Canada.

The small loans field is extremely lucrative. Mark this. Statements were made on previous occasions when private bills were brought in by the hon. member for Assiniboia, that if you go too far and reduce the interest rate too much you are going to drive these people out of business. Well, what is the situation? When the government at long last took some steps toward scaling down the burden on prospective borrowers, this company became anxious to get into the field, which certainly proves that at the present time the field is lucrative enough to attract outside firms to enter it.

In a previous debate some reference was made to the nature of the advertising carried on by those firms. I believe the hon. member for Assiniboia read into the record a number of advertisements. Of course, the most memorable was the one entitled, "You are my pal". The two companies I have referred to control 83 per cent of the small loans field in Canada, and they spent over $1 million on just that type of advertising. Hon. members will agree it is regrettable that any Canadian has to borrow money from a loan company, and that it is a matter of great misfortune. But when a firm, in order to make profits, will go out into the field and do whatever it can to sell the idea of going into debt, that makes the situation well nigh intolerable.

The position in which we find ourselves at the moment is simply this. No one can argue that there are not enough loan companies in the field in Canada today. No one can argue that this field is controlled by Canadian companies. It is not simply a question of having another firm coming in to do business. It is simply a question of adding to the heavy preponderance of this business which is being conducted by firms with headquarters outside of this country.

Of course when they come before parliament seeking incorporation they have very able and very influential people acting on their behalf. I have noted the names mentioned in this bill. One name which is mentioned is that of Duncan Kenneth MacTavish, the president of the national Liberal federation.

Mr. Argue: "Two-per-cent" MacTavish.

Mr. Ellis: I can readily understand the advantage in having this type of man serving as a front, but I would ask hon. members to remember that the firm which is asking

for incorporation at this time is a United States concern. Firms which are controlled outside this country already have a stranglehold on this particular field. I think the sponsor of this bill ought to be in a position to tell hon. members of this house why it should be necessary to pass this bill at this time. Is he going to argue that we have to have this small loans company and that Canadians are not now in a position to go into the market and obtain loans? Is this company offering advantages to Canadians which they do not presently enjoy?

Mr. Richardson: May I ask the hon. member a question? If the hon. member who is now speaking wants me to state the reasons I will be glad to do so, but if he proposes to put words into my mouth, then I decline.

Mr. Ellis: Well, Mr. Speaker, I had expected that when the matter was brought before the house the sponsor would have made a statement. I was rather disappointed that the hon. member did not make a statement at the outset, and I think it is not too late to make a statement now. I suggest that after I resume my seat the hon. member might make his point. I was not attempting to put words into the hon. member's mouth. I was merely suggesting that when he makes his statement he should explain to us the necessity to pass this bill at the present time.

I can see no particular reason why this company should be incorporated at this time. I do not think the incorporation of this company is going to help any group of Canadians. I realize, of course, that it will help the directors and shareholders of the company; there is no question about that. There is not a company in this field that is not making plenty of money. I fully realize that this company is not coming into Canada and seeking incorporation if it does not expect to make money, and that is the sum total of it.

I suggest there is a more important principle than the mere passage of this bill. I suggest that at this time we should review our whole attitude toward this problem, which has been brought to the fore during this session to a greater degree perhaps than in previous sessions. Canadian industry today is becoming increasingly dominated by outside capital.

I suggest that my hon. friends on the other side of the house should read a speech made in the other place by a former member of this house, who had some extremely caustic remarks to make concerning this particular bill when it was before the other place. The situation was put quite clearly at that time by the hon. gentleman. He made reference to a statement by Dr. G. Edward Hall, president of the University of Western Ontario, on October 17 last, which appears at page 255 of the Senate *Hansard* of Tuesday, March 6, 1956. Dr. Hall said:

> One so-called Canadian company sold, in one year, more than $210 million worth of goods to the Canadian public. Over 99 per cent of the stock of that company is owned by the parent company in the United States. The profits from this fairly substantial operation are simply lumped in with the profits of the total sales of the parent company. And Canadians, in order to participate in this company, are forced to purchase stock of the parent company in which they may have no specific interest. Another large and respected subsidiary operating in Canada for many years and completely owned and controlled by the parent U.S. company does not even release Canadian sale figures.

I commend this address to all hon. members of this house. Dr. Hall made this further comment:

> Two-thirds of all motor vehicles sold to Canadians last year were produced by companies operating in Canada without Canadian stock. The profits, again, are lumped in with the profits of their giant U.S. parent companies. The dividends paid by the parent company do not reflect Canadian sales nor the position of that company in the Canadian economy.

In summing up later on, Dr. Hall said:

> Canada produces 90 per cent of the world's supply of a certain mineral, yet where is the effective head office of that industry's largest company, whose mines are manned by Canadians, whose furnaces are operated by Canadians, and whose profits are made in Canada? Not in Canada, but in one of the cities of the United States. And the Canadian stockholders are paid, not in Canadian dollars, but in U.S. funds!

I maintain that insistence upon the fact that we Canadians should pay attention to this tendency is not expressed exclusively in this particular quarter of the house. I suggest that the former hon. member of this house to whom I referred a moment ago has made what is perhaps one of the best speeches that has been made on the subject, in which he pointed out the danger inherent in this practice. I hope that his colleagues in this house will read his speech and take it to heart. I also quoted from Dr. Hall's remarks. One could go on and quote a great many eminent Canadians who have brought to the attention of the public precisely the same problem.

I suggest that we should give extremely serious consideration to this tendency at this time. If we do not, what is going to happen? It is only a matter of time until not merely 85 per cent but 95 or 100 per cent of the small loans field will be controlled by outside companies. In other forms of economic development in this country we are going to have increasing United States control. The time is coming when the entire economy of Canada

will be controlled by the United States, and we will become simply an economic vassal of that country.

This is a problem which has to be met on a wide front, and I have mentioned merely one aspect of the problem. I do suggest, however, that we have here a specific instance in which we can do something to register our concern and our protest against this alarming tendency. For this reason I move, Mr. Speaker, seconded by the hon. member for Moose Mountain (Mr. McCullough):

That the word "now" be left out and the words "this day six months hence" be added at the end of the question.

Mr. Knight: Is my hon. friend on the government side going to speak?

Mr. Claude Richardson (St. Lawrence-St. George): Mr. Speaker, the bill which is presently before the house is relatively uncomplicated. May I say to the house before proceeding any further that if the hon. member who just spoke felt that I did not wish to stand up and explain the bill, he was wrong. The Speaker quite properly caught his eye before he caught mine. Because the hon. member has been in this house for a somewhat longer time than I have, I was prepared to yield to the normal demands of common courtesy.

As to the general argument which the hon. member has made about non-Canadian capital, I submit that there is a place where that might well be discussed. As a member of this house I would be prepared to discuss it at that time, but I suggest with all respect that that is not the point to be raised in respect to this particular bill.

May I say just a word or two in explanation of this bill. Hon. members of this house know full well that in the modern economy of Canada, business may be carried on by a sole proprietorship, by a partnership or, as is the case in a great many instances, by a corporation. Second, most of us here know full well that the great majority of federal corporations are incorporated under the Companies Act, a statute of this parliament, and we know also that certain types of business such as insurance, railway and loan companies must obtain special charters from this parliament, the latter under the Small Loans Act of 1939.

Most hon. members know that the Small Loans Act has been on the statute books of this country since 1939. We know also that there is before us Bill No. 51 to be considered at this session, under which the rates and certain clauses of that act will be up for review. Part II of that act invites any group of people of competence, of character and of experience to present a petition and application to this house for incorporation as a small loans company. I submit that such a group has a right to be heard by this house.

The form of the bill is very simple, and is prescribed by part II of the Small Loans Act, 1939. Under that act a great many clauses of the Loan Companies Act are made applicable to the Small Loans Act. The majority of the directors of any such company must be Canadian citizens and residents. The overriding Loan Companies Act states that the administration of all these companies, including small loan companies, must be only by the board of directors, the majority of whom, as I have said, must be Canadian citizens and residents.

The bill provides for the incorporation of this company with head office in Ottawa. The company is to have a relatively modest capital in this field of $500,000, which may be increased to $1,000,000. There are to be five directors, the majority of whom will be Canadian citizens and residents. Reference was recently made in this house to the name of a small loan company. In the event that hon. members are anxious to know why this particular company has chosen this particular name, may I say that the sponsor of the bill is the Merchants' Acceptance Corporation, which has carried on business in the New England states since 1909. My understanding is that the sponsors of the bill would have preferred to use the name of the parent company, but the report of the superintendent of insurance states that there is already a company in Canada which uses the word "Merchants". Therefore the sponsors of this bill had to consider some other name and they chose a name which I submit is quite proper, Signature Loan and Finance Company.

This indicates that the person, unfortunately if you will, who needs to borrow $100, $150, $200 or $300, can go to this company for such loan on the basis of his personal character and financial integrity as represented by his signature, and as in the case of all of us that would be his warrant for such a loan. That is the explanation of this bill. As I said, the sponsoring company has carried on business since 1909, mainly in the New England states, and if it is incorporated it proposes to carry on business in Canada principally in eastern Canada.

I said I was not going to be drawn into the general discussion to which the hon. member who spoke last referred. Let me remind all hon. members that while the superintendent of insurance made reference to the growing interest of non-Canadians and Canadians in this field, there are only four small loan companies in Canada under

federal supervision. If the hon. member is sincere, as I expect he is, and if he would prefer that 83 per cent of the small loans business in Canada be not controlled by two of those four companies, I submit that here is an opportunity for another relatively small group to come into Canada. If they feel they can do business here, let them have that opportunity.

I speak only as a member of parliament who is sponsoring this bill on behalf of some of my friends. This is not by any manner or means a Liberal measure, a Conservative measure, a Social Credit measure or a C.C.F. measure. Having been asked by people whom I regard as competent and intelligent to stand up in parliament and sponsor a bill which is being presented because the Small Loans Act of 1939 invites people to come here and carry on business under our Canadian economy, I make this explanation. People in all parts of the world are being urged to enter our favourable economic climate, and it is no wonder that they want to come to Canada. They feel that they want to do business here.

As we know, the undertaker will come for all of us, but I am not for punishing undertakers. There are certain people in Canada who feel they must go to a small loan company for certain reasons, and I submit with great respect that this bill warrants second reading and consideration by the banking and commerce committee.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I have listened with the greatest interest to my hon. friend, as well as to the hon. member for St. Lawrence-St. George, for whom I have great respect. While the latter hon. member was speaking I was struck by the thought that perhaps he was protesting rather much in connection with one or two points he made. In the first place, I do not think anyone has asserted that this particular group of people have not a perfectly legal right to come to this house to seek incorporation which under the terms of the act is a perfectly legitimate thing to do. The only point I raise is whether or not this House of Commons should grant such incorporation at the present time.

I have just discovered that my hon. friend is the sponsor of this particular bill. I must admit that is my own fault, because I could have seen it if I had looked at the order paper. The hon. member said, forsooth, that he did not rise because the hon. member for Regina City had some sort of seniority or priority due to the fact that he had come to this house before my hon. friend on the Liberal side.

I do not think that argument is particularly well taken. Surely if there is in this house one thing that is accepted, it is that the sponsor of a bill is expected to make some explanation to the house as to the contents or purposes of the bill which he is for the moment sponsoring.

There is another point I should like to raise. It has been suggested again by my hon. friend that somehow or other that this was a partisan bill and that the opposition which we in this particular C.C.F. group were making to it was inspired by partisanship of some sort because Mr. MacTavish happens to be one of those who are seeking incorporation. I can assure you that we have no such thoughts whatever. I could, of course, express my opinions about a man of Mr. MacTavish's stature and standing in this country taking part in what I might call this rather shabby sort of "small potato" company business, but that is not for me to say. However, I can assure my hon. friend in complete sincerity that there is nothing partisan about the opposition I am putting up to this sort of thing.

So far I have not said anything about this bill. I am just coming to it. My interest was attracted to these businesses by one thing only, and that is the deceptive method of their advertising. I have always been greatly opposed to deceptive advertising. Some of my colleagues who have been in this house as long as I have know—and I think my hon. friend from Kamloops would give me credit for this—that I advocated first in this house the idea of preventing the use on bacon of deceptive wrappers with red stripes which made the bacon appear to be all lean when it was half fat. We had some success with that. I have always been interested in this from the point of view of the public. Unfortunately it is the people who are less protected educationally, shall we say, through a lack of knowledge of public affairs, who become the victims of this particular type of company.

Again today I would like to say a word about advertising. Sir, you would be greatly surprised to learn that a great deal of the advertising of these people in the local offices in Ottawa has suddenly disappeared. I would not like to say it was something like the government files that we cannot get at, but you cannot get at them today for some reason. A few days ago you could send your stenographer or a House of Commons messenger to the companies and they were delighted to send you literature. They sent some of this advertising to my partner, the hon. member for Assiniboia. However, when we requested another office to send some today they said, "Well, there is no literature available at the moment." However, I happen to

have some advertising with which I was provided, I think, some months ago. I happened to find it among some old papers. I think even this bears out my assertion that the advertising is misleading.

I suggest that the particular type of advertising, with the picture of a little child at the foot of the Christmas tree and mother and father going off to Florida on money they get at 24 per cent per annum from these loan companies, is not too dangerous. Surely nobody in this world would be so simple or so naive as to believe that what this particular type of advertising conveys is anything like the truth. But there is a danger in the other type of advertising, and that is why this was first brought up in the house.

As a matter of fact I can tell the house in confidence that one of the first bills I proposed to place on the order paper of this house, a bill about which I consulted my hon. friends in the caucus, would have the effect of compelling any small loans company, or any outfit that insisted upon advertising its willingness to lend money, include in its advertising the amount of interest per annum or the cost per annum on a percentage basis. If that amount were clearly stated in the advertising, I do not think so many people would fall into the trap set for them by the small loans companies of this sort.

They do not know that. The people that are getting these small loans do not realize what they are up against until they are firmly inside the trap and are seeking a way to get out. Through the urgency of the need for the money, the poverty, the misery and the fear of losing one's job, a man will pay 100 per cent if necessary, under certain conditions, and the people who give them these accommodations are well aware of that fact.

It has always been my plea that this advertising is deceptive, the advertising in which the rate of interest per annum is not stated. You are not told that, but you are told what you have to pay back each month. The average person—and I say this with some knowledge—who has come to me with his troubles did not realize what that rate of interest was when he borrowed that money. It is worded in such a way that it looks like 8 per cent or 11 per cent as the case may be; but the catch is, of course, that the borrower does not have the full use of the money, as advertised, for the complete 12 months. He has the full use of it only for one month, and the amount he has the use of steadily decreases as the months go on, while the monthly payment of interest is the same.

That is my plea. I think it is a good one. I think what these people say is deceptive. The particular pamphlet I have—as I say I do not know whether or not it is obtainable today—is one that reached my desk some time ago but came to my attention today. It commences by saying:

[Mr. Knight.]

Reputable lenders—

I presume these people are reputable; some of their competitors are not.

—have hundreds of unsolicited testimonials that tell the real story of the value of the lender to his community. Sometimes the stories are poignant . . .

"Poignant" is a good word. Not only are they poignant but they are tragic, some of the stories I have heard. I had a sheriff come to see me about the state into which these small people get who use these small loans. He sits down with them and tries to arrange a payment per month which seems to be reasonable, by which they can finally meet their obligations. I notice that this one piece of advertising attacks the credit unions. Any man who attacks credit unions, so far as I am concerned, has a battle on his hands, because I am a believer in the functions of the credit union. Anyone who lives in a province where the credit union and co-operative is used to the extent it is used in my province must agree it is a thing that is beneficial to the body politic. They attack the credit union because the credit union, they say, does not pay cash back into the treasury in the form of taxes, and it can only serve the people in the group.

However, it is easy to get into a credit union. All you have to do is borrow some money and you are in. In some of the co-operatives you only have to make a purchase and you are in. So, after all, I do not think their argument is valid. They do not point out that the credit union is a method of borrowing money at cost, in other words that when you go into a credit union, if you pay as high as 1 per cent per month, the profits made by the organization are not shipped out of the country to some corporation in the United States or some other country but are divided among the actual people who borrowed the money. By that method the interest rate they pay is reduced. To me that sounds logical and sensible.

As I have said, this kind of advertising is deceitful, although it is perhaps less deceitful than some of the things I have seen. I notice on the outside this pamphlet has the words, "From an All-Canadian Viewpoint." I expect these people are getting rather touchy about the talk that 83 per cent, or whatever it is, of the small loans field in Canada is controlled by two foreign corporations. I suppose this is that great old free enterprise and competition working about which we hear so much. So they are protesting just like my hon. friend over there has protested.

It seems to me they do perhaps protest too much. They do not state where the money comes from. They do not state, like my hon. friend, who the directors are; but this is the picture, according to them, from an all-Canadian viewpoint. That makes us feel a lot better. They have an interesting explanation here of the rates they charge. Here is what they have to say and I want the house to notice this because, after all, my text in the beginning was deceitful advertising, advertising which misrepresents the facts. You know, if these people would come clean and state their case honestly and decently they would be out of business.

Mr. Carrick: May I raise a point of order?

Mr. Knight: No, you cannot.

Mr. Carrick: I am rising on a point of order. We have listened to the hon. member talking to us for about ten minutes about advertising. Obviously it cannot be advertising put out by this company, because this company has not been incorporated.

Mr. Knight: Is that a point of order?

Mr. Carrick: I am raising a question of relevancy. The hon. member has been telling us about advertising for about ten minutes. It is obvious he cannot be speaking about advertising done by this company, because this company has not been incorporated.

Some hon. Members: Order.

Mr. Carrick: I am speaking to a point of order. It is on the question of relevancy.

Mr. Speaker: It seems to me that the hon. member for Saskatoon is speaking to the general principles underlying the operations of these loan companies and I think his remarks, though perhaps wide, are relevant to the principle of the bill.

Mr. Knight: Mr. Speaker, I thank you for your decision, than which you could have made no other. I had some occasion in committee the other day to rebuke my hon. friend. When I began talking about box cars and asked the president of Canadian National Railways a question—

Some hon. Members: Order.

Mr. Knight: —My friend reminded me that I was being political.

Mr. Carrick: The hon. member made a very unjust remark. He indicated that I was not a regular attender in the house. I did not challenge him, but my hon. friend knows that is not right, and it was not a statement he should have made at that time.

Mr. Knight: Sir, I quite realize I am now about to do something that is completely out of order. I apologize totally and completely to my hon. friend for the remark which he taunted me into making in the railway committee the other day. Let me get back in order, Mr. Speaker. I am speaking on the principle of this bill, the principle of all these bills and on the principle of deceitful advertising in connection with all these companies. I do not expect that this company will be very different from the others. I am just going to quote one line here from this publication by this company, perhaps more innocent than the others. Listen to this:

The charge presently stipulated—

This may be semantics but I think I know my English.

—by our federal laws is 2 per cent per month on the outstanding balance of a loan to $500.

If my understanding of the word "stipulate" is correct, the statement is false. Then they proceed to say that their interest rate is not 24 per cent per annum, as some maintain. Oh, no; they would not charge so much interest. They say there are charges for expenses and service and profit charges. I am not interested to the extent of 5 cents in what they call them. I am interested in what these poor unfortunate people have to pay for the small accommodation they get from sources of this kind. Then they give us here what they call a "pie-chart". The only similarity I can see to a pie is that it is round and flat. Some pie! Some crust! They say this chart is an explanation of the fact that they really do not make any profits at all. Oh, no! They take the years 1950 to 1954, and they assert that their profit has been one-fortieth part of 1 per cent. I do not think even these supposedly kindly people would stay in business very long at that rate of profit.

I remember the time when the assertion was made that certain packing companies were making too great profits. The companies advertised all over Canada that on the handling of one pound of meat they only made just so much, a very little profit. Why, they do not have a single prune here in this pie. In this round pie there is only a tiny, infinitesimal little part for their profit. Do you know how they figure it out? That is the portion they get out of the money they lend. I suggest we are not interested in what they get out of the money they lend. We are interested in the net income the corporation makes on the capital invested. That is one thing about which this document, deceitful or otherwise, and you can judge for yourself, says nothing.

I shall merely conclude these few remarks because I see, Mr. Speaker, that it is six

o'clock, by simply saying it still is my hope that some day the situation will be such that if these people, whoever they are, honest, dishonest, deceitful or honourable, want to advertise the lending of money as a business, they will have to state clearly in their advertisements, so that he who runs may read, what the amount of interest will be in per cent per annum, and the interesting and emphatic words are the last two, the percentage charge per annum.

On motion of Mr. Regier the debate was adjourned.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

SURTAX ON RENTAL INCOME

Question No. 242—**Mr. Pallett:**

1. Is rental income subject to a 4 per cent surtax under the Income Tax Act?
2. Have the employees of the Department of National Revenue been instructed to collect a 4 per cent surtax on rental income received by beneficiaries through an estate?

Answer by: **Mr. McCann:**

1. No.

2. Yes; employees of the Department of National Revenue are instructed to assess 4 per cent surtax on all income received by beneficiaries from estates.

VETERANS LAND ACT—ARREARS

Question No. 263—**Mr. Brooks:**

1. How many veterans, in each province, holding land under the Veterans Land Act are in arrears of $200 or more on payments to the board?
2. What percentage would this be of the total?

Answer by: **Mr. Lapointe:**

1 and 2.	1.	2. per cent
British Columbia	3	·04
(a) Alberta	421	6·80
Saskatchewan	699	9·69
(b) Manitoba	394	7·70
Ontario	32	·17
Quebec	-	-
(c) New Brunswick	61	2·56
Nova Scotia	24	1·03
Prince Edward Island	23	2·43
Newfoundland	-	-
Total	1,657	3·02

(a) Includes Peace river block of British Columbia.
(b) Includes northwestern Ontario.
(c) Includes Magdalen islands, Quebec.

Note: These figures may be misleading as to the complete situation. Where payment is on an annual basis, the number of accounts in arrears continually decreases during the collection year which commences each November 1. At the end of the collection year on October 31, 1955, less than 1 per cent of all accounts were in arrears of $200 or more.

Questions

DEFENCE PRODUCTION, SMALL INDUSTRIES—NOVA SCOTIA

Question No. 286—**Mr. Balcom:**

What industries have been organized and are operating in Nova Scotia since 1951, through the assistance of the small industries division of defence production?

Answer by: **Mr. Howe (Port Arthur):**

The small industries division of the Department of Defence Production was created in 1951 to ensure that all segments of Canadian industry, particularly small industry, were given an opportunity to participate in the defence production program. Its chief function was that of a service division, to assist and advise those firms seeking either direct contracts from the Department of Defence Production or subcontracts from the department's prime contractors. In order to accomplish this, the small industries division until 1953 maintained representatives at various locations across Canada, including a representative in the maritime provinces who assisted a number of Nova Scotia contractors in the manner above outlined.

INCOME TAX RETURNS AND REFUNDS

Question No. 293—**Mr. Knowles:**

1. For each of the last five taxation years for which the statistics are available, how many persons from whom income tax was deducted at the source did not file an annual income tax return?
2. By years, how many of such persons were found, or believed, to have a refund coming to them?
3. To what extent were such refunds made?
4. How much money, covering the last five years indicated above, received by the government as indicated above but belonging to individuals is still in the possession of the government?
5. What steps is the government taking to get such money back to the persons to whom it belongs?

Answer by: **Mr. McCann:**

1. No information available.
2. No information available.
3. Refunds were made only to persons who filed income tax returns to substantiate that they were properly entitled to a refund.
4. No information available.
5. The prompt issuance of refunds to all persons from whom overpayments of tax have been collected is a constant objective of the taxation division. This objective is one of the aims of an extensive annual publicity campaign employing newspaper, radio, T.V., newsreel and street car advertising. Persons entitled to refunds are advised frequently by such means to make application for their refund and to provide the department with the information necessary to enable a refund to be issued.

HOUSE OF COMMONS

Monday, March 26, 1956

The house met at 2.30 p.m.

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION OF BRANCH LINE FROM BARTIBOG, NEW BRUNSWICK, TO NEWCASTLE

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I should like to advise the house that the management of the Canadian National Railways have received from Heath Steele Mines Limited, a subsidiary of American Metal Company, a request for the construction of a branch line from Bartibog, New Brunswick, to the company's mine located some 30 miles northwest of Newcastle. Bartibog is on the main line of the Canadian National between Newcastle and Bathurst. The proposed branch line would be approximately 22 miles in length.

The management have made an appraisal of the economics of the proposed branch line and have concluded that it can be operated on a profitable basis. Accordingly, the management have asked the government to seek legislative authority for the construction of the line. It is the intention of the government at the first convenient opportunity to recommend the necessary legislation to parliament.

MOTIONS FOR PAPERS

EXPROPRIATION OF INDIAN LANDS, OKANAGAN VALLEY

Motion No. 48—**Mr. Jones:**

For a copy of all letters, telegrams, memoranda and other documents, exchanged between the federal government and provincial government of British Columbia, or any officials or agents thereof, and the Indian bands in the Okanagan valley, relating to the expropriation of land about 1920 for the construction of the main irrigation canal conveying water from Okanagan lake to Oliver and Osoyoos, British Columbia.

Mr. Pickersgill: Mr. Speaker, I have no objection whatever to producing any part of the correspondence with the government of British Columbia that may still exist. This seems to be a matter mainly of ancient history. I believe there are some current negotiations going on, and I would hope the hon. gentleman would not expect me to produce correspondence about current negotiations until they are completed.

In so far as correspondence with the Indians, the Indian bands and the band councils is concerned, I have always felt the superintendent general of Indian affairs acted as trustee for the Indians in these matters and this correspondence should never be produced unless the Indians themselves wanted to have it produced. I am sure the hon. member will agree with me.

Mr. Speaker: Motion agreed to, subject to the remarks made by the Minister of Citizenship and Immigration.

VANCOUVER-JOYCE SUB-POST OFFICE—CHANGE OF LOCATION

Motion No. 49—**Mr. Knowles (for Mr. MacInnis):**

For a copy of all letters, telegrams and other communications, from August 1, 1955 to February 24, 1956, between any person in the post office department and any person or persons in Vancouver, British Columbia, relative to the change of location of the sub-post office Vancouver-Joyce (No. 9795), and the change of postmaster at the said sub-post office.

Mr. Lapointe: I wonder if the hon. gentleman would allow this motion to stand until a later sitting?

Mr. Knowles: Agreed.

Mr. Speaker: Motion stands.

LAMBTON AND KENT COUNTIES—FISHING AND HUNTING ON INDIAN LANDS

Motion No. 50—**Mr. Murphy (Lambton West):**

For a copy of all agreements and leases, from 1947 to date, between any department of the federal government and all lessees of Indian lands and waters in the Walpole island and Mitchell bay area, counties of Lambton and Kent respectively, concerning fishing and hunting privileges and rights.

Mr. Speaker: Motion agreed to.

LAWYERS' FEES

Motion No. 52—**Mr. Nicholson:**

For a return showing the names of lawyers engaged by government departments and the amounts paid them by way of salary and expenses during the fiscal years 1953-54, and 1954-55.

Mr. Garson: Mr. Speaker, inasmuch as we do not retain outside lawyers on a salary basis, may I suggest that the word "salary" in the third line of this notice be deleted and the words "legal fees" be substituted therefor.

Mr. Speaker: Motion as amended agreed to.

INDIAN RESERVES, SASK.—WELFARE PAYMENTS

Motion No. 53—**Mr. Bryson:**

For a copy of all letters, telegrams, and other correspondence, since April 1, 1955, exchanged

between the band councils, or agency superintendents on Saskatchewan Indian reserves, and the Department of Citizenship and Immigration regarding welfare payments.

Mr. Pickersgill: I wonder if the hon. member would consider the possibility of withdrawing this motion. It calls for correspondence with Indian bands and band councils, and I do feel, as I said a moment ago in relation to the other motion, that the superintendent general of Indian affairs is a trustee and that the correspondence with bands and councils should not be producible in this house unless the band or band councils want it produced.

I would be very glad to give the hon. gentleman any information that he would like to have on the subject that has to do with the spending of public funds but I think the motion in its form is objectionable.

Mr. Bryson: Mr. Speaker, I based my question on the fact that the Minister of Finance had suggested that in his opinion this information would be readily available; however, on the explanation of the Minister of Citizenship and Immigration I would suggest that it be stood for today.

Mr. Speaker: Motion stands.

NATIONAL DEFENCE STATIONS—SURVEYS

Motion No. 54—**Mr. Knowles:**

For a copy of any surveys received by the Minister of National Defence, or by any departmental official on his behalf, from the superintendents of national defence stations at Stevenson field, Winnipeg; Claresholm, Alberta; and Renous, New Brunswick, with reference to rates of pay and working conditions of prevailing rates employees on these stations, dated at any time since January 1, 1955.

Mr. Campney: Mr. Speaker, this motion asks for reports received with respect to rates of pay and working conditions in respect of three defence installations. With regard to Stevenson field, Winnipeg, and Claresholm, Alberta, no such surveys have been received. So far as the third station, namely Renous, New Brunswick, is concerned, I would refer the hon. member to the motion he made on March 5 and the explanation given at that time by the Minister of Labour as recorded at pages 1787 and 1788 of *Hansard*. Since it was agreed to drop the motion on that occasion in view of the explanation given by the Minister of Labour, and for the added reason that in any case the report is privileged, I would ask the hon. member to drop his motion.

Mr. Knowles: I wonder if I could ask the minister a question. Is there not a difference between the previous motion and this one in that the previous motion dealt with surveys made by the Department of Labour whereas this deals with surveys made by the superintendents on the stations?

Mr. Campney: I am informed that all our surveys with respect to wages and working conditions are made for us by the Department of Labour and sent forward to us. I am informed that we do not make these surveys ourselves.

Mr. Speaker: Does the hon. member agree to withdraw his motion?

Mr. Knowles: Under the circumstances I guess I have no alternative.

Mr. Speaker: Motion withdrawn.

BRIDGES

NEW WESTMINSTER—REPORTED NEED TO REPLACE QUEENSBOROUGH BRIDGE

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Public Works, notice of which I sent him earlier this day. In view of the urgent necessity of calling tenders immediately to replace the Queensborough bridge, is the minister in a position to indicate whether the department approves the plans which have been submitted by the city of New Westminster for replacing the present bridge with a new one?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, under the terms of the Navigable Waters Protection Act it is the prerogative of the governor in council to approve such plans. The Navigable Waters Protection Act requires also that an advertisement must be inserted in the *Canada Gazette* and two local papers and remain there for one month to permit appeals to be made. Until such time as we have evidence that the terms of the statute have been complied with we will not be in position to recommend to the governor in council.

INCOME TAX

CAMPOBELLO ISLAND—REFERENCE TO METHODS OF COLLECTING INFORMATION

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, may I direct a question to the Minister of Justice. Has the minister investigated the reports as to the methods used by the R.C.M.P. and other government officials in obtaining income tax information from the fishermen of Campobello island, New Brunswick, and, if so, with what result?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank my hon. friend for giving me notice of his question. In reply I may say

that officers of the Royal Canadian Mounted Police were assigned to assist officers of the Department of National Revenue in the carrying out of the search at Campobello island as provided by section 126 (3) of the Income Tax Act. The authorization to enter and search was issued by the deputy minister of national revenue, taxation, on February 14, 1956, with the approval of Hon. Mr. Justice Charles A. Cameron of the Exchequer Court of Canada, given on February 10, 1956.

INQUIRY AS TO EXEMPTION FOR MEDICAL EXPENSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Can the minister give the house any further details with respect to press reports that his department is still considering the matter of medical expenses in relation to income tax even though he did not have occasion to mention this matter in his budget speech?

Hon. W. E. Harris (Minister of Finance): No, I have nothing to add to what I said in the budget speech.

Mr. Knowles: But you said nothing in that speech.

FINANCE

INQUIRY AS TO REPRODUCTION OF HER MAJESTY'S PICTURE ON PAPER CURRENCY

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, may I direct two questions to the Minister of Finance, notice of which I have not given him. First, will the minister tell the house the name of the artist who drew the picture of Her Majesty's head as it appears on current Bank of Canada $1, $2, $5 and $10 bills? Second, will the minister give the house the names of the officials who employed that artist?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I will of course provide the information requested. However, I might say that the work of the artist or whoever might have been responsible for what I think my hon. friend has in mind is being corrected.

POSTAL SERVICE

EXTENSION OF TORONTO POSTAL DISTRICT TO INCLUDE METROPOLITAN AREA

On the orders of the day:

Mr. F. A. Enfield (York-Scarborough): Mr. Speaker, may I be permitted to address a question to the Postmaster General. Can the minister say if there is any possibility at all of the Toronto postal area being extended to take in all of metropolitan Toronto and, if so, will this mean that the whole of the metropolitan Toronto area will have the advantage of local delivery rates?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, this matter was reviewed carefully a short time ago by the department and it has been decided, in order to eliminate existing difficulties, to extend the Toronto postal area to include the present Toronto metropolitan area as it is legally constituted. This would bring about the result about which my hon. friend inquires with regard to local rates.

ATOMIC ENERGY

STATEMENT ON INVITATION TO HYDROGEN BOMB TESTS IN PACIFIC

On the orders of the day:

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, may I refer to two questions asked by the hon. member for Assiniboia (Mr. Argue) on March 13, as reported on page 2071 of *Hansard*, and referred to again last Friday. The questions were as follows:

> Has the Canadian government been invited by Washington to send observers to the forthcoming United States hydrogen bomb tests in the Pacific?
> If not, has the Canadian government considered making such a request?

In reply to both questions may I say that I am advised that up to the present no invitation has been received by the government nor is one being sought.

TRADE

WHEAT—INQUIRY AS TO NEGOTIATIONS FOR NEW INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to address a question to the right hon. Minister of Trade and Commerce. Can the minister report on the progress or otherwise of current negotiations for a new international wheat agreement, and can he inform the house whether the present agreement as it stands is likely to be extended for one more year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I regret that I am not able to answer either question. Negotiations are still continuing in camera. I believe that we can expect a conclusion within the next few days, but I have no idea what conclusion will be reached.

Private Bills

TELEVISION

REQUEST FOR EXTENSION OF FACILITIES TO MANITOBA

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): May I direct a question to the Minister of National Revenue? I did not send him notice, and perhaps he will prefer to take this as notice. Does the Canadian Broadcasting Corporation intend to extend its television facilities to the province of Manitoba in the near future and, if so, at what points?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I shall take the hon. gentleman's question as notice.

HOUSE OF COMMONS

WELCOME TO HON. MEMBER FOR VANCOUVER EAST ON HIS RETURN FOLLOWING ILLNESS

On the orders of the day:

Mr. Daniel McIvor (Fort William): I rise on a question of privilege. I would like to welcome back the hon. member for Vancouver East (Mr. Winch). He has been through deep waters, and he comes back to the house better fitted to serve. We welcome him back.

Mr. Speaker: I must say that the hon. member has a very keen eye. I had not seen the hon. member in his seat. But I am sure we all agree with him that we are very pleased to see the hon. member for Vancouver East back, and we do welcome him to the house.

PRIVATE BILLS

Mr. Speaker: It is suggested to me that there are several bills that are to be dealt with in the committee of the whole. Would hon. members agree to having all these bills sent to the committee in one motion, or do they prefer to have them taken one by one?

Mr. Argue: Take them one by one, Mr. Speaker.

Mr. Speaker: Is it agreed that I do leave the chair for the house to resolve itself into committee of the whole on Bill No. 168?

Mr. Knowles: I do not think there is any question but that it is in order to have one motion covering all these bills. My colleague is interested in a later one.

Mr. Speaker: The house may accommodate itself. I understood that the hon. member for Assiniboia wanted them taken one by one. If that is not so, all the bills from order No. 1 to order No. 26 inclusive are to go to the committee of the whole. Is the motion agreed to?

Some hon. Members: Agreed.

[Mr. Howe (Port Arthur).]

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 168, to incorporate the Canadian Council of Churches.—Mr. Fleming.

Bill No. 190, to incorporate the Western Gospel Mission.—Mr. Jutras.

The Deputy Chairman: There are a certain number of divorce bills before the committee. Is it agreed that they shall be considered as one?

Mr. McCullough (Moose Mountain): Mr. Chairman, I should like Bills Nos. 158 and 188 dealt with separately.

LORINC ORVOS NAGY

The house in committee on Bill No. 158, for the relief of Lorinc Orvos Nagy—Mr. Henderson—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. McCullough (Moose Mountain): Mr. Chairman, I am a member of the committee which dealt with this bill and I believe that special consideration should be given to this particular bill which involves a petition for divorce by Mr. Nagy. In view of the representations made by some of us in the committee and in view of the evidence presented before the committee of the other place, I believe there is good reason for a close examination of the evidence dealing with this divorce bill.

The petitioner works as a pipefitter and the respondent is a dishwasher. I presume she is a rather poor person, particularly so after she left the home. In the past certain investigators have come before us and given evidence in divorce cases. One of the investigators in this case had been in the employ of Harry Maxim, and in the past some of the evidence given by Mr. Maxim and his employees before the committee has proved to be very doubtful indeed.

There is also doubt with respect to the establishment of adultery in this case, and I think it behooves us as members of the house to pay particular attention to the proceedings in this case. The respondent is of Hungarian descent and speaks little or no English. Apparently she was not given an interpreter before the Senate committee and much of the evidence is very confusing, if not entirely unintelligible. I think that is an additional reason why members of the committee and of the house have a real point of argument in urging that a better method be provided to deal with divorce cases. This case lends weight to the argument that it is not appropriate for a committee of the house or even of the other place to deal with such an important matter as breaking up homes

and to pass laws which have the effect of bringing about the separation of men and women.

I want to deal particularly with the evidence in this case but before I go into that may I say that there seems to be doubt as to the jurisdictional powers of the committee of this house and the committee of the other place. On page 14 of the evidence taken in the other place I find that the chairman of the committee, Senator Ross, is asking certain questions and he has this to say:

> I probably went too far. If the petitioner has been guilty of misconduct, it is a discretionary matter for us to refuse the divorce. Perhaps I went too far in my statement. You may go ahead.

Here is one instance where the chairman of the committee of the other place indicates that it is a discretionary matter whether or not the divorce will be granted if it is proved that the petitioner has been guilty of misconduct. I am particularly interested in this case because after reading the evidence carefully I am convinced that if there is any establishment at all on circumstantial evidence, then I would say there has been established the likelihood that adultery was committed on the part of the petitioner. Then too there is the fact that according to the authority of the other place there is some talk that they may also refuse to admit divorce on the ground of cruelty. In this case I might say that cruelty has been established. I understand that the respondent has not entered application for a rehearing of the case but it is important that she put in an appearance and contested the case. The facts of the matter are these.

First there is established the fact that the petitioner granted a mortgage to the respondent of $7,000 and agreed to pay a monthly allowance of $100. Here again I think there is the element of collusion between the parties that could be expected. It does not seem reasonable to me that the husband would give a mortgage of $7,000 and agree to pay $100 a month to his wife if she was to remain in the home. But that is the argument put up by the counsel for the petitioner. Then it is established that this payment was made for a period of some 10 months. That is agreed by counsel also. In the evidence it is indicated that the parties were quarreling and could not get along. It seems to me that the evidence points to the fact that the months of fighting which took place prior to her leaving home was, of course, the reason for her leaving home. It appears to me that the fact that he agreed to pay her $100 a month would indicate that he was paying in order that she would agree to leave the home and leave the child with the husband. When the petitioner was asked if he was aware of adultery having been committed, we find on page 10 of the evidence this question and answer:

> Q. You know nothing about the adultery? If she did commit adultery with another man?
> A. I don't know. I just heard.

Then another important thing is that when the respondent was asked whether or not she had committed adultery she categorically said she had not. Throughout the whole examination and cross-examination there is no place where the woman has admitted to committing adultery. Again, I should like to point out that it seems to me that in the other place, in order to establish adultery in some cases and to elicit information which would lead to that establishment, certain leading questions are asked. As an example, I would point out that at page 11 Senator Ross asked of the petitioner this question:

> Q. Have you forgiven her for the adultery at all?
> A. No. I sorry.
> Q. Did I understand you to say earlier that you are now living with your wife?
> A. No, she not living with me.

It seems that after a few minutes of cross-examination we have Senator Ross asking if he condones the adultery before it is established whatsoever in the evidence. I think it is indicative that here is a whole procedure which should properly be under court jurisdiction either by the exchequer court or some other court designated to take care of cases of this sort. When these witnesses and investigators come before us we have not the authority to swear them, and if there is any perjury we cannot charge them with perjury. These people, both witnesses and investigators, can come before us and give any kind of evidence in order to try to establish their case, but there is no legal responsibility upon them. We are, therefore, in a very difficult position in trying to determine whether or not we can accept the testimony and statements made.

Now, of course, in this case the husband admits that he beat his wife. She left the home, and I feel that he tried to get her to accept money to leave the home and leave the child with him. Then, finally, the husband got his lawyer to interview the investigators and they have tried to build up a charge of adultery against her. I am not too sure of the legal position of the parties after we have passed an act on the basis of adultery which will dissolve the marriage. I am not sure how this may affect the respondent and the husband in the future. It might prejudice the woman in respect to the child, and she indicates she would like to have the child.

I point out that the child, a girl of 14, was with the wife for some seven of the ten months during which the wife was absent from the home. The wife returned to the home and again the husband beat her and drove her from the home. I think the least we can say about the wife's conduct is that she has tried to some extent to resolve their difficulties and has indicated her desire to have the child. I feel that the evidence in this case is so conflicting that the least we could do would be to have a rehearing so that the committee might have the petitioner and the respondent, as well as all the witnesses, before it to determine whether or not the committee would believe their testimony.

At the moment I might say that I have gone through the evidence very carefully, as I believe the other members of this group have. When we were dealing with this particular bill in the committee we asked that it be reheard. I am today, Mr. Chairman, asking that this bill be held over and not passed at this time. As I said earlier, I believe the purpose of the payment was merely to enable the husband to get rid of his wife and have her leave the child with him. There is a great deal of conflicting evidence given by the two investigators. I do not want to deal with all of it, but there is one statement I should like to mention.

Here, Mr. Greenblatt is examining one of the investigators, who said:

> The room, I think, is about six by twelve and there is one bed, and a bureau and cot and a table in the room.

On the next page, under cross-examination by Mr. Gazdik, the defence counsel, the investigator said:

> Q. Well, you said there was a bed and a cot?
> A. No, a couch, which is not a cot.

Apparently, it is quite important in giving this evidence to establish what kind of room it was and what furniture was in the room in order to try to establish whether or not there has been misconduct. The witnesses seem to be confused in testifying before the committee.

I think, Mr. Chairman, this is one case in which we should at least have a rehearing so that the members of the committee could decide for themselves whether or not a divorce should be granted. I do not think we can take the responsibility for what has been done in the other place. I think the members of the other place are doing as good a job as they know how to do. They are in much the same position as we are in the committee of which I am a member. Their jurisdiction is relatively narrow. They can swear these witnesses but they cannot charge them with perjury. I believe they are limited to making the one decision as to whether or not a divorce should be granted. I feel, sir, that the time has come when these divorce cases should no longer be brought before this house. In this case I am certainly making the strongest protest I can. I think it has been established that the respondent has been cruelly treated and that the husband concocted the idea of getting rid of his wife by agreeing to pay her a certain amount of money if she left home. He then got an investigator, but even the investigator's testimony before the committee of the other place does not establish in fact, except by circumstantial evidence, that adultery had been committed. Later the respondent herself denied the adultery. Then, we have the committee of the other place passing this bill on the basis of circumstantial evidence. I feel that the circumstantial evidence in this case is not strong enough to warrant the passage of the bill.

I feel that the woman had to live somewhere. She probably had few friends. The mere fact she was living in another place, apart from her husband, and a place in which there was a man living does not, of itself, indicate misconduct. Then, the woman had to go into the tobacco fields after leaving home. She did wait for a while to get her daughter to come with her, and she had to wait until the husband gave her $100. All this indicates to me she was under coercion, and I think if we are going to continue to have a process under which these petitions can come before this parliament, then a proper procedure should be followed. The parties should have proper counsel and interpreters should be provided so the evidence given will be intelligible. If a rehearing of the case is necessary, money should be available so that the parties will get justice. Therefore, Mr. Chairman, I hope the members of this committee will agree to allowing this measure to stand to enable the committee to have a rehearing of the whole case.

The Deputy Chairman: Shall clause 1 carry?

Some hon. Members: No.

The Deputy Chairman: Does the committee wish me to put the yeas and nays?

Some hon. Members: Yes.

Mr. Henderson: Before we discuss this further, I want to say that this is one of the cases that when it came before the committee in the other place they were fortunate enough to have counsel for the respondent to put the respondent's case before that committee and to properly handle the evidence. I might say further that the counsel was a very reputable counsel.

Mr. Nicholson: I wonder if the hon. member would speak a little louder? We cannot hear him down in this corner?

Mr. Henderson: With respect to the comments made about the investigator, I realize the hon. member who has just spoken certainly believes in the principles of British justice. Under this system a person is innocent until proven guilty. Nothing has been brought forward in this case to prove that the petitioner has not given truthful evidence.

The hon. member spoke about the variation which existed between the evidence given by the two investigators. It is frequently better to have evidence which does not stand too pat, when each witness gives his evidence and tells the story as he sees it, and thereby puts the true facts as he understands them. Nothing in the evidence suggests that these investigators did anything but the best job possible.

In this case the respondent was represented by counsel and that party could be presumed to have the proper legal advice to present the best evidence for her at the hearing. If they were not satisfied with the conduct of the hearing in the other place, counsel for the respondent could have so advised the clerk of the other place and they could have appealed it. Such was not the case. I cannot recall that any correspondence was produced or passed on to the chairman of the committee to the effect that the respondent in this case was not satisfied with the conduct of her defence. If she sincerely felt she would have a good defence I would think she would have pursued the matter further. She or her counsel could have appeared before the committee. Simply because there was some objection in another case we cannot say that it would appear there is an objection in this matter. No objection was made to the evidence given by the investigator and all the other facts were taken into consideration by the committee.

With respect to property rights I might say that the committee of the other place has no jurisdiction to deal with them. My hon. friend mentioned the sum of $7,000, which was by the way of a mortgage. At that time the petitioner was questioned by counsel for the respondent as recorded at page 14 of the proceedings:

> Q. When is before?
> A. In 1954, no, 1953, when we are fighting. We are fighting and I don't want to lose my daughter, my Esther. I don't want to lose her and she tell me if I offer her $7,000 she is not going to break the family life up.

There followed some discussion about making monthly payments of $100. As I recall the evidence, the wife left voluntarily after a payment or two had been made. As the result of her leaving, the petitioner a short time after brought his petition to the committee of the other place and so carried it through.

I simply wished to make these remarks and to recall what happened according to the evidence. I thought it important to point out the courses of action which were opened to the respondent, who was represented by counsel, which courses were not taken either by the respondent or by counsel acting on her behalf. The facts as proved in the case must speak for themselves. Those who pass these bills must take the responsibility for them.

The Deputy Chairman: The question is, shall clause 1 carry? Those in favour of clause 1 carrying will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those opposed will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the yeas have it.

Clause agreed to: Yeas, 46; nays, 27.

The Deputy Chairman: Shall clause 2 carry?

Mr. Knowles: On division.

The Deputy Chairman: Clause carried on division. Shall the preamble carry?

Mr. Knowles: On division.

The Deputy Chairman: Shall the title carry?

Mr. Knowles: On division.

The Deputy Chairman: Shall the bill be reported?

Mr. Knowles: On division.

Bill reported.

The Deputy Chairman: Is it the pleasure of the committee to have the remainder of the divorce bills, excluding Bill No. 188, considered as one?

Motion agreed to.

CONSIDERED IN COMMITTEE

Bill No. 162, for the relief of Regis Edouard Gosselin.—Mr. Henderson.

Bill No. 163, for the relief of William Boychuck.—Mr. Henderson.

Bill No. 164, for the relief of Edna Betty Berendt Payment.—Mr. Henderson.

Bill No. 169, for the relief of Leona Jennie Impey Mella.—Mr. Henderson.

Private Bills

Bill No. 170, for the relief of Joseph Elie Felix Leduc, otherwise known as Jean Leduc.—Mr. Henderson.

Bill No. 171, for the relief of Florence Mintz Etinson.—Mr. Henderson.

Bill No. 172, for the relief of Jeanne Yvonne Gaouyat Leroy.—Mr. Henderson.

Bill No. 173, for the relief of Adrienne Rozenbaum Melzak.—Mr. Henderson.

Bill No. 174, for the relief of Joan Louise Squires Connolly.—Mr. Henderson.

Bill No. 175, for the relief of Carol May Burch Squires.—Mr. Henderson.

Bill No. 176, for the relief of Irene Raab Agoston.—Mr. Henderson.

Bill No. 177, for the relief of Joan Marshall Bougie.—Mr. Henderson.

Bill No. 178, for the relief of Heather Thornton Williamson.—Mr. Henderson.

Bill No. 179, for the relief of Helen Louise Hancox Fray.—Mr. Henderson.

Bill 180, for the relief of John Wallace Herbert.—Mr. Henderson.

Bill 181, for the relief of Angeline Sperdakos Trakas.—Mr. Henderson.

Bill No. 182, for the relief of Sheelagh Duffin Bennett.—Mr. Henderson.

Bill No. 183, for the relief of Ruth Alister Creighton Jones.—Mr. Henderson.

Bill No. 184, for the relief of Doris Lillian Doughty Dick.—Mr. Henderson.

Bill No. 185, for the relief of Joan Etta Young Campbell.—Mr. Henderson.

Bill No. 186, for the relief of Doris Evelyn Hirsch Stephen.—Mr. Henderson.

Bill No. 187, for the relief of Luvina Mallet Lambert.—Mr. Henderson.

LOIS MARGARET CLOUSTON WILLAR

The house in committee on Bill No. 188, for the relief of Lois Margaret Clouston Willar—Mr. Henderson—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. Regier: Mr. Chairman, as I have indicated on second reading, this bill comes before us from the province of Newfoundland. I realize that is a long way from Ottawa; however, I have yet to hear it said that the degree of justice that is handed out to Canadian citizens is dependent upon their nearness to the capital city, Ottawa. I believe that the citizen living on a far-flung island in the Pacific, or in the Artic ocean or on the island of Newfoundland, is subject to equal treatment, provided he is living in Canadian territory, when he appears before this House of Commons.

[The Deputy Chairman.]

This case is rather unique. It has come before what some people like to think of as the highest court in the land. Neither the petitioner nor the respondent is asked to appear and I cannot undertake to support this procedure in any way, shape or form. At home when you are accused of violating a minor traffic offence such as over-parking, if there is a parking meter or a time limit on parking you may mail in your fine and by so doing you are pleading guilty. However, if the charge is a little more serious a different condition may exist. In my home city if you are accused of having gone through an intersection wrongly you cannot even be represented by counsel without making a personal appearance, and you must plead guilty or not guilty. If you plead or are found guilty you must pay the fine. For a mere matter of crossing an intersection wrongly you must appear in person, yet when we are considering legislation that will break up what should be one of the holiest and most sanctified things in human society this parliament is willing to stand idly by and let the thing slide through in a manner which is as slipshod as could be found in any court case that I have ever heard of, and yet we have the temerity to call this the highest court of the land.

Getting down to the details of this particular case, we have affidavits to show that the petitioner has complied with all the rules of the other place and that notice has been served on the respondent. I assume that there is an affidavit to the effect that she has received this notice. However, in Canadian life we often hear of people signing affidavits which set out something that is not the fact. If this is allowed to continue you or I may find ourselves being divorced by the parliament of Canada without our being aware of what is taking place. That is possible if this procedure is allowed to get firmly rooted. The other day while we were in committee we passed some 111 of these bills in a matter of 18 seconds and I can well imagine the name of one of us being on that list without our being aware that we were being divorced. Some hon. member who did not belong to the same political movement might be willing to sign an affidavit to the effect that he had personally served us with the necessary legal documents some months ago.

I submit that it is hardly good enough. In most cases we are not satisfied with having just one witness, as we feel there should be corroborating evidence by two, three or sometimes four witnesses who could swear as to the adultery or whatever incident the divorce was being based on. In this case we have one single individual, a garage mechanic who

was in Newfoundland at the time. He appeared before the committee of the other place and testified that he had known the petitioner, having met him on a number of occasions. The petitioner was a salesman and this witness having heard that he was in town staying at one of the hotels decided to call on him around seven o'clock in the evening. He found that his friend was registered in a certain room, he went up to the room, opened the door and saw the man in bed with a woman. He immediately excused himself, went out and closed the door behind him. That is the only evidence on which this divorce is based and I do not think it is good enough.

In the committee it was said that we could not call in all these people, and the question was asked: Who is going to pay the expenses? Has this parliament reached such a low level that when a committee wants to hear witnesses we are to be floored by the question: Where is the money to come from? We have all kinds of money for other purposes, as this parliament votes some $5,000 million, but when a committee wants to hear witnesses it should have the right to hear, we are met with the question: Where is the money to come from? That argument was used in the committee stage and I believe it had some weight with members of the committee. After all, if we are not able to guarantee these people their expenses perhaps we ought not to call them here. I realize that calling people from Newfoundland would cost a considerable amount of money, but that money ought to be provided.

I submit that the evidence in this case is very slight. There is no corroboration whatsoever. The petitioner does not have any personal knowledge of the adultery. But this divorce is before parliament and we must take that for granted, but the fact is that I have seen enough affidavits which did not mean anything. I am unwilling to let this bill go by without making the most serious objection and I intend to call for the yeas and nays.

The Deputy Chairman: Shall clause 1 carry? Those in favour of clause 1 carrying will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those opposed will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the yeas have it.

And more than five members having risen:

Clause agreed to: Yeas, 46; nays, 17.

The Deputy Chairman: Shall clause 2 carry?

Mr. Knowles: On division.

Clause 2 agreed to.

The Deputy Chairman: Shall the preamble carry?

Some hon. Members: On division.

Preamble agreed to.

The Deputy Chairman: Shall the title carry?

Some hon. Members: On division.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Some hon. Members: On division.

Bill agreed to.

The Deputy Chairman: Shall I report the bill?

Bill reported.

Mr. Speaker: There are a number of divorce and other bills to be read a third time. Shall I call the divorce bills together?

Mr. Knowles: Would you call Bills Nos. 158 and 188 separately?

LORINC ORVOS NAGY

Mr. W. J. Henderson (Kingston) moved the third reading of Bill No. 158, for the relief of Lorinc Orvos Nagy.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I had hoped that it would be unnecessary to make any remarks at this stage, but in view of the fact that there were only some 60 hon. members in the chamber when we were in committee I am sure that many hon. members would like to register their vote in connection with this particular bill. The hon. member for Moose Mountain has reviewed the case, I think, and so I do not plan on going over it in detail. I simply say that here is a petition which comes to us recommended by the other place, in which the petitioner appears to have been willing to give a mortgage of some $7,000, to be paid on an instalment basis at $100 a month commencing in about three months' time, on condition that his wife left the domicile. She appears to have left. Apparently, after having made ten payments, on advice of counsel, the petitioner found out that this was not necessary. As recorded on page 14 of the evidence, the counsel says:

And, he stopped making the payments in the first place according to my advice because the wife cannot be given anything in the form of a mortgage under the laws of Quebec.

But it seemed to be established that the husband was willing to pay $7,000 to get his wife out of sight so that another woman might take her place in the home. As recorded on page 11 of the evidence, the question was asked regarding this other woman who took over the wife's place:

Q. You refer to a housekeeper. Is it a male or female housekeeper?

A. Well, it is female housekeeper.

Q. You describe her as a housekeeper?

A. She work for me with money. I pay her $50 a month.

I should explain that these people are Hungarian. They are able to understand English, but they have some difficulty with the language, and this is how it appears in the evidence:

Q. Have you any receipts for that?

A. Me not need any receipt for that.

Q. Then you cannot prove or establish that you did pay any money at all?

A. Well, sure. Well, she was prove it. I not call anybody when I pay her.

Q. No. You had no witnesses and no evidence that you pay her?

A. I told the truth.

Further on, he was asked some questions about the living quarters. He said:

I have three rooms and a kitchen—or four rooms and kitchen.

After a little more thought he was sure there were four rooms and a kitchen. The owner of this domicile, who was apparently prepared to bear a mortgage for $7,000 to get rid of his wife, appears according to his evidence to sleep on a couch in the dining room through which his housekeeper must pass in going to the room where she sleeps and where he keeps his clothing. There is no doubt about the fact that he is living in these private quarters with someone who claims to be his housekeeper, although he has no evidence that he had paid an amount. Then counsel for the wife says:

I don't want to elaborate on this point but the fact remains there is a woman living in the same flat for some reason and I have no proof that the two have committed adultery . . .

Further on he says:

. . . that becomes very important because since the woman is in the place Mr. Nagy has not re-offered his wife to return to the place, and I have before that proof that an offer was made by Mr. Nagy for her to return and Mrs. Nagy wanted to return to the place, and still wants to return to the place—

[Mr. Nicholson.]

Then Senator Ross, chairman of the committee, said:

I do not think the inquiries you have been following are very material because the petitioner is not on trial here. The question is not whether or not he committed adultery. The question is whether or not the respondent committed adultery.

Later on the chairman, Senator Ross, said:

I probably went too far. If the petitioner has been guilty of misconduct, it is a discretionary matter for us to refuse the divorce.

Counsellor for the petitioner had previously said:

But you should have somebody to testify here. She is living with him just the same as the roomers are living in the house.

He was asked:

You have no evidence at all on that?

The lawyer said:

No. I have no evidence.

This woman has considered the costs involved in bringing witnesses to Ottawa to appear on her behalf. It would seem to me, since there is a 14 year old child who apparently prefers to be with the mother, and since the mother is anxious to make a go of it and is forced to wash dishes at something around $20 a week to support herself and the child, we have a responsibility to decide whether or not an injustice will be done to one or the other. I do not think there is much likelihood of the two parties being reconciled, but I think this parliament has a responsibility to do something on behalf of this 14 year old girl, who does deserve some consideration.

So I would like to appeal to my friends from Quebec who are familiar with this case. It is significant that a member of parliament from the area has not risen to put in a good word for the petitioner. I want to thank the members of the Progressive Conservative party who have reviewed the evidence and who feel that they cannot put their vote of approval on the granting of this particular divorce when the evidence is as it was set out in the document that has come to us from the other place. Therefore, I wish to have the bells rung so that all members will have a chance to decide whether or not this woman should be given the protection of this chamber.

Mr. Claude Ellis (Regina City): There are several comments I should like to make on this particular bill. In reading the evidence submitted to us from the committee of the other place, we are struck by the similarity between the various cases before the committee. This case is a little different in that there is perhaps no other instance where circumstantial evidence played such a great part.

As my colleagues have pointed out, there is no absolute proof of wrong-doing in this particular case. The petitioner is being granted a divorce purely on circumstantial evidence. The woman has attested to the case and has put forward her side of the story and has flatly denied any wrong-doing. Yet, on the basis of purely circumstantial evidence, the committee of the other place has seen fit to grant this divorce. It seems to me that a great deal of the argument, as revealed in the evidence, had to do with the question of the petitioner paying his wife $100 a month, and there were two points of view put forward. The counsel for the petitioner tried to make a case that the husband was paying the wife money to stay at home. Of course, the wife's counsel pointed out, quite rightly, that the money had been paid to the wife on the understanding that she leave the home. It seems to me it is rather unusual that the man in this case would agree to pay money under these circumstances. One will note in the evidence presented before the committee that the wife left the domicile on January 5, 1954. As recorded on page 16 of the evidence, Senator Barbour asked this question:

> Q. I would like to know how many monthly payments he made, how many months he paid this $100 after his wife left?
> A. Ten months.
> Q. After she left you?
> A. Yes. After she send me two months' notice, and, in March, 1954, I started to pay.

Here is pretty clear evidence of an understanding concerning the payment of money on condition that the wife left the home. In other words, once she had satisfied the husband that she had indeed left the domicile and had moved to Toronto he was prepared to pay the sum of $100 a month. It is evidence of this type which should cause members of the house to give very serious consideration to voting approval of this particular bill. I think my colleagues have brought out the point that when a petitioner comes before parliament for a divorce we should expect him to come with clean hands. I agree that, according to the rules governing the granting of divorces by parliament, that is not necessary. As a matter of fact, my understanding is that parliament can grant a divorce for any reason whatsoever. The matter is left purely to the discretion of the committee and, of course, eventually the members of parliament of both houses. While it may not be absolutely necessary as a matter of law for a petitioner to come before parliament with clean hands, I suggest that as a matter of practice we should require that in such cases.

Here is a case where a man is asking that the marriage be dissolved and the circumstances surrounding the whole case are such as to leave very serious doubts in our minds whether he deserves a divorce. Moreover, he admits having beaten his wife. When the question of the petitioner's conduct is brought up it is of course shied away from by suggesting that after all it is not the petitioner who is on trial, it is not his conduct that is under discussion but his wife's conduct.

My colleague, the hon. member for Mackenzie (Mr. Nicholson), brought out the very important point about the preference of the 14 year old girl. Here is a case where the sympathy of the child was with the mother, and I think that is something to which we should attach a great deal of weight. Therefore I am going to vote against the bill for the reasons advanced by my colleagues and particularly because I feel first of all that the petitioner has not come before parliament with clean hands and is not deserving of consideration by the members of this house. Second, I feel that the sympathy towards the mother evidenced by the 14 year old child must be given a great deal of weight. Third, I suggest that the whole circumstances surrounding this man's desire to get rid of his wife must be considered, particularly the fact that he went to the extent of entering into an agreement with her whereby if she left the home and moved away from Montreal he would pay her $100 a month. That does not seem to me to be a logical thing for a man to do who has been wronged in the manner in which he claims to have been wronged. Therefore I urge all members of the house to vote against this bill when the vote is taken.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I wish to make one final objection at this stage. I realize this is the last opportunity I have to protect a 54 year old woman. I find it completely impossible to condemn a 54 year old woman to fend for herself for the rest of her days as best she can. As I indicated on second reading, I feel very strongly that the evidence is overwhelming that her husband agreed to pay her $100 a month if she would leave the home.

I welcome the fact that we have an aggressive new chairman of the miscellaneous private bills committee who is taking an active interest in these matters and participating in the debates. I think it will lead to greater efficiency and the methods followed will not be as slipshod as they may have been in other years. I should like to compliment him and express my high regard for the interest he has taken.

The point was raised that we have to let the bill go through because the respondent's lawyer apparently was satisfied. I have had many cases called to my attention where the respondent has not been made aware of her rights and does not know there is such a thing as the miscellaneous private bills committee of the house where her case can be reheard. Furthermore, as I stated in the other case, there is absolutely no arrangement with respect to the financial aspect of a rehearing before our committee.

The respondent's lawyer may have been satisfied but we are still not convinced that the respondent herself was satisfied. We are not convinced that she was even aware of what her rights are. The argument has been used in this case that we have no jurisdiction as to property rights. I agree that they fall within the authority of the provinces. However, I have yet to hear of the members of a jury or a judge rendering a verdict and condemning a person without considering the consequences of their verdict. I believe that as members of the House of Commons we must not only deal with each case on its merits but in rendering a decision we must be fully aware of what the consequences of such a decision are in all likelihood going to be.

We are going to ask this 54 year old woman to continue to live as best she can. While her health lasts I suppose she may be able to continue her job as a dishwasher at $21 a week but what is she to do if her health does not remain good or if she loses that position? I think we have to bear that in mind. Above all, I do not think we should at this time exonerate the husband of all responsibility. There have been many arguments put forward on the question of the $100 a month. According to the lawyer this woman left the home on January 5, 1954 and when the husband testified he said, as found on page 14 of the evidence: "In March I start to pay the $100."

She left on January 5 and I say there is a clear indication that the woman's side of the story should at least be given the benefit of the doubt, if not believed altogether. I am very happy to associate myself with those who are unwilling to use parliament for the purpose of throwing a 54 year old woman out on the streets of Montreal.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I want to say a word or two. In my opinion, if the house sees fit to pass the bill at this time it will surely do so with more than a twinge of conscience. I agree with the members who have spoken on the bill. Here we have a case where it has not been established that adultery has been committed. On the other hand, it has been established that the petitioner has been guilty of very great cruelty to the wife and practically drove her from the home by reason of his attitude and conduct. Through the questioning of counsel for the respondent it has been established that there is certainly a great deal of circumstantial evidence proving misconduct on the part of the petitioner. I think that we who have gone into the merits or demerits of this case have indicated to the house that there is doubt as to the authenticity of the evidence given by the petitioner and the investigators. Along with the hon. member for Mackenzie (Mr. Nicholson) and the hon. member for Burnaby-Coquitlam (Mr. Regier) I feel that here is a case in which, if we pass this bill, it is going to leave a comparatively young woman, one 54 years of age, to fend for herself. She has already indicated that she has been obliged to work as a dishwasher and to work in the tobacco fields. It may well be that the sorrow and the grief she has had through having been forced by a cruel husband to leave her home will be increased by the fact that she may not get the custody of her child. I think it is significant that this woman, under the circumstances that I have indicated, has kept this young girl with her for seven months out of ten. That fact would indicate that to some degree at least she should be entitled to more of an act of justice, might I say, than it seems to me we shall be providing her with if we pass this bill at this time and do not make provision that she at least can come before our committee of this house so that we may understand more fully the facts of the case.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: The question is on the third reading of this bill. Those who are in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Henderson) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	Applewhaite
Anderson	Ashbourne

Balcom	MacDougall
Batten	MacKenzie
Bell	MacNaught
Bennett	McCann
Buchanan	McCubbin
Campney	McCulloch (Pictou)
Carrick	McIlraith
Cavers	McMillan
Churchill	Mang
Enfield	Marler
Fairclough, Mrs.	Murphy (Lambton West)
Fairey	Philpott
Fraser (Peterborough)	Pickersgill
Gardiner	Pommer
Garson	Prudham
Hanna	Richardson
Harris	Robertson
Hees	Shipley, Mrs.
Henderson	Thatcher
Hosking	Tucker
Houck	Weaver
Howe (Port Arthur)	Weir
Huffman	White (Hastings-Frontenac)
Hunter	White (Middlesex East)
Kickham	White (Waterloo South)
Kirk (Shelburne-Yarmouth-Clare)	Winters
Lusby	Wylie—58.

NAYS

Messrs:

Argue	Knight
Balcer	Knowles
Barnett	Leboe
Blackmore	MacLean
Blair	McBain
Bryce	McCullough (Moose Mountain)
Bryson	Nesbitt
Cameron (Nanaimo)	Nicholson
Ellis	Quelch
Gillis	Regier
Hahn	Robinson (Bruce)
Hamilton (York West)	Small
Hansell	Stewart (Winnipeg North)
Herridge	Thomas
Hodgson	Tustin
Howe (Wellington-Huron)	Yuill
Johnson (Kindersley)	Zaplitny—36.
Johnston (Bow River)	
Jones	

Bill read the third time and passed.

Mr. Speaker: Shall all the other divorce bills be taken up in one motion?

Some hon. Members: Agreed.

Mr. Knowles: Except Bill No. 188.

Mr. Speaker: Shall all those bills reported from committee of the whole, except Bill No. 188, be now read a third time?

Some hon. Members: Agreed.

THIRD READINGS—SENATE BILLS

Bill No. 162, for the relief of Regis Edouard Gosselin.—Mr. Henderson.

Bill No. 163, for the relief of William Boychuck.—Mr. Henderson.

Bill No. 164, for the relief of Edna Betty Berendt Payment.—Mr. Henderson.

Bill No. 169, for the relief of Leona Jennie Impey Mella.—Mr. Henderson.

Private Bills

Bill No. 170, for the relief of Joseph Elie Felix Leduc, otherwise known as Jean Leduc.—Mr. Henderson.

Bill No. 171, for the relief of Florence Mintz Etinson.—Mr. Henderson.

Bill No. 172, for the relief of Jeanne Yvonne Gaouyat Leroy.—Mr. Henderson.

Bill No. 173, for the relief of Adrienne Rozenbaum Melzak.—Mr. Henderson.

Bill No. 174, for the relief of Joan Louise Squires Connolly.—Mr. Henderson.

Bill No. 175, for the relief of Carol May Burch Squires.—Mr. Henderson.

Bill No. 176, for the relief of Irene Raab Agoston.—Mr. Henderson.

Bill No. 177, for the relief of Joan Marshall Bougie.—Mr. Henderson.

Bill No. 178, for the relief of Heather Thornton Williamson.—Mr. Henderson.

Bill No. 179, for the relief of Helen Louise Hancox Fray.—Mr. Henderson.

Bill No. 180, for the relief of John Wallace Herbert.—Mr. Henderson.

Bill No. 181, for the relief of Angeline Sperdakos Trakas.—Mr. Henderson.

Bill No. 182, for the relief of Sheelagh Duffin Bennett.—Mr. Henderson.

Bill No. 183, for the relief of Ruth Alister Creighton Jones.—Mr. Henderson.

Bill No. 184, for the relief of Doris Lillian Doughty Dick.—Mr. Henderson.

Bill No. 185, for the relief of Joan Etta Young Campbell.—Mr. Henderson.

Bill No. 186, for the relief of Doris Evelyn Hirsch Stephen.—Mr. Henderson.

Bill No. 187, for the relief of Luvina Mallet Lambert.—Mr. Henderson.

LOIS MARGARET CLOUSTON WILLAR

Mr. W. J. Henderson (Kingston) moved the third reading of Bill No. 188, for the relief of Lois Margaret Clouston Willar.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I notice a new principle is being established and I regret it very much. Until this year I believe these bills were considered on their merits, but I now see they are being looked upon as votes of confidence in the government. I regret that departure very much. Apparently, the Liberal party is now committed or during these past several votes has committed itself to the principle of agreeing to any and every divorce that may be put before the house for consideration. I notice that goes even far beyond what the hon. members of the other place are doing in that this year already they have refused a fair number of divorces. However, it seems

to be taken for granted that once the sanction of the other place has been given, this place is not to have any more authority in connection with these matters.

The Liberal party has now adopted a new principle, a principle of insisting on using their steam-roller vote to see to it that every one of these divorces passes this House of Commons. Those who may have conscientious objections are kind enough to the Liberal party, but unkind enough to their own convictions, to refrain from voting. They stay behind the curtain. I feel these matters should be put on the record. In addition to the many cases we get from Quebec, this one, as I said before, is from Newfoundland. Another principle seems to be finding root and receiving the sanction of the Liberal party and that is, if you live in Quebec and you want a divorce you must appear and present your case. Not only must you appear, but you must have with you other witnesses, and if you put forward a good case it will receive consideration and likely approval in both houses.

However, if you live in Newfoundland you have a special privilege. You do not have to show up at all and neither does the respondent have to show up. You do not have to send other corroborating witnesses. You have to send only one witness, and in some cases I notice it does not even have to be a witness now living in Newfoundland. Someone can be found living in Ontario who, at one time or another, may have been in Newfoundland and seen a man or a lady smile at someone of the opposite sex. This apparently is good enough for the parliament of Canada.

The other day some of us in committee wanted to have this case heard in a proper manner. Even though some of us do not agree that we are a court we believe we should conduct this business as it ought to be conducted, and would be conducted in any properly constituted court. We asked that the case be heard. We did not even admit that it had been heard, since there was only one witness called. The question was fired back at us, who is going to pay? Whose responsibility is it? When a committee of this House of Commons incurs an expenditure it is up to us to pay if the people are unable to pay. Surely, money is not going to be the thing that decides what the decision of a committee of this house is going to be.

We have never yet accepted that theory. On one committee last year we brought all kinds of witnesses from the city of Vancouver. We brought the chief of police and the warden of a jail and several others to testify before the committee. When it comes to calling witnesses from Newfoundland the question of who is going to pay arises. Aside from the money question I also feel an important principle is involved here. If we are responsible members of this committee, or the highest court in the land if you call it that, we cannot afford to be accused of dissolving marriages without having at least one of the parties in the case appear before a committee of this house or the other place. I think that is another principle which is worthy of note. If this case and others like it are permitted to go through, my fellow citizens in British Columbia who are unsatisfied with local divorce laws should have the same right as loyal subjects of Her Majesty to petition this parliament if they are unsatisfied with conditions as they exist back home.

I would like to pose this question to the Liberal party: What will you do if you are swamped by 10,000 unsatisfied divorce applicants from one end of Canada to the other if neither party of any of the marriages has to appear? It is simply a matter of sending a penny postcard in order to apply for divorce.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I would just like to say a few brief words. Since I came into this house I have never voted for a divorce bill but I have had sense enough not to decide how other people should vote and I have not presumed to tell them what their duty is. I am convinced that if we spent more time in attempting to remove the cause of divorce, which is cursed selfishness, we would be spending the taxpayers' money in a more constructive way.

I do not believe in divorce. That is my personal conviction because I do not want to be divorced from my better half. Should anyone try to cause trouble between my wife and me, he will get it in the neck as quickly as possible, by golly. The home is the bulwark of the nation and it is our duty to stand for the upbuilding of the home. If we do that we will cut divorce to pieces.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I rise simply to object to the adjective "smutty" in reference to legislation before this house, as used by the hon. member for Burnaby-Coquitlam (Mr. Regier) in his speech.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, since a new principle has been brought to the attention of parliament for the first time this afternoon I think we should look carefully at what we are about to do. If it is possible for citizens of Newfoundland to secure divorces without the petitioner or the respondent appearing, there is no valid reason why citizens of the province of Quebec should not have the same privileges. It is obvious that the bill will result in a drastic increase in the number of divorces if we extend to

the citizens of Quebec what we are apparently prepared to extend to the citizens of Newfoundland.

While apparently it is not a new practice, it is the first time it has been brought to my attention. The hon. member for Burnaby-Coquitlam (Mr. Regier) has performed a valuable service in discovering this principle. I notice that Mr. Burke-Robertson, a barrister residing in Ottawa, who handled this case, said:

> I would like to ask leave to present the petitioner's case by affidavit. This is a Newfoundland case and it has been the practice on most of the other Newfoundland cases which I have had over the past few years to accept the petitioner's evidence by affidavit if the petitioner has no knowledge of the adultery which is alleged. In this case the petitioner can only prove the marriage and the domicile of the parties and is not able to give any evidence on the issue of adultery.

My attention has been drawn to the fact that another divorce was granted this year under similar circumstances wherein it was not necessary for the petitioner to put in an appearance. I think that is a new principle in dealing with justice where the welfare of men, women and children is involved. I certainly do not propose to give my consent to the granting of divorces on this sort of procedure.

Their Honours the senators were also a little uneasy. Senator Fergusson said:

> Mr. Chairman, don't you think we should discuss that point in the main committee before deciding. We are acting as a subcommittee and we usually discuss such a matter in the main committee before taking affidavit evidence of any kind.

The chairman said:

> Yes. We will adjourn for a few minutes in order to consult with the chairman.

Senator Roebuck, chairman of the main committee, joined the subcommittee and the barrister explained the procedure. Senator Roebuck added his comments.

I think that hon. members in this chamber should not remain silent; I think they should vote for or against a principle as far-reaching as the principle we are asked to establish in supporting the bill which is now before us. For my part, I would like to register my opposition.

Mr. Speaker: Is the house ready for the question?

Mr. W. J. Henderson (Kingston): Mr. Speaker, I do not think the question should be put until we realize the meaning of the new principle which has been mentioned by the hon. members who have spoken. They have mentioned the Liberals in this house voting solidly. I do not think a new principle is involved here because as I understand it we are always willing to assist those minorities which require assistance and privileges. Furthermore, since Canada stretches from one ocean to the other certain privileges should be granted to certain groups which would otherwise have a great deal of difficulty or would be deprived of the advantages other Canadian groups might have. If the people of Newfoundland by some chance happened to live in another province they could have divorces granted by supreme or county courts and the situation might be different. However, the people of Newfoundland, as Canadians, should have every privilege and opportunity in relation to the dissolution of marriage as other Canadians enjoy and this happens to be the procedure upon which their divorce rights are based.

Some question has been raised here about the procedure. If we examine the courts of Canada we realize that it is a pretty general principle. I think the courts of Canada are recognized the world over for their justice and integrity.

As a general principle, in some courts evidence can be presented by deposition which is not too much different from evidence in the form of an affidavit or a sworn statement. In divorce cases the petitioner can file certain affidavits with the Senate committee.

Mr. Speaker: I am sorry to interrupt the hon. member but I forgot to inform the house that, since the hon. member is the mover, by speaking now he closes the debate. I would not like to see those hon. members who would like to speak deprived of their right to do so. This is the third reading of this bill. It just occurred to me that the hon. member for Kingston (Mr. Henderson), being the mover of this bill, will close the debate if he speaks now. I should have inquired as to whether any other hon. member wished to speak. If any hon. member wishes to speak now I shall have to ask the hon. member for Kingston to resume his seat in order to provide other hon. members with an opportunity of speaking. If not, the hon. member will close the debate by speaking at this time.

An hon. Member: Go ahead.

Mr. Henderson: Mr. Speaker, this particular petitioner filed an affidavit in support of his petition and which is part of the evidence. This evidence was never questioned. He was domiciled in the province of Newfoundland and was married to the respondent on such and such a date. To bring him the distance it would be necessary to bring him when there is no dispute or presumption of dispute would probably cause more difficulty. If the case had been opposed I presume a request would have been made

to have brought persons before the committee to give evidence, but this petitioner could not add a great deal to what was given before.

I believe in this case evidence was given by a 35 year old garage mechanic, not by a professional investigator of the type some of our hon. friends are worried about.

It was said that to adopt this type of procedure might result in a divorce bill passing by which a respondent might be divorced and not know he had been involved in a petition for divorce. I do not think there is much possibility of that happening because in Canada officers of the court serve all these documents. I understand that in this case service was made by a court officer who filed with the clerk of petitions an affidavit of service properly sworn before a notary public or someone authorized to take such affidavits.

There was corroboration which was completely independent and no objection was raised. It seems to me that the evidence in this case should be considered as being sufficient. It has been said that the Liberal party has voted solidly on this, but I have not noticed that in the past except when the facts and principles involved required it.

In conclusion I might suggest that if any party wishes to vote solidly against the principle as set out, that it is necessary to bring people from Newfoundland, the petitioner or even both parties although sometimes the respondent never turns up, that would be voting to bar the people of Newfoundland from the rights and privileges which they now have.

The house divided on the motion (Mr. Henderson) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss	Henderson
Anderson	Hosking
Applewhaite	Houck
Ashbourne	Howe (Port Arthur)
Balcom	Huffman
Batten	Hunter
Bell	Kirk (Shelburne-Yarmouth-Clare)
Bennett	Leboe
Buchanan	Lusby
Campney	MacDougall
Carrick	MacKenzie
Cavers	MacNaught
Churchill	McCann
Enfield	McCubbin
Eyre	McCulloch (Pictou)
Fairclough, Mrs.	McIlraith
Fairey	McMillan
Fraser (Peterborough)	Mang
Gardiner	Marler
Garson	Murphy (Lambton West)
Hanna	Philpott
Harris	Pickersgill
Hees	Pommer
Prudham	Tucker
Richardson	Weaver
Robertson	Weir
Shipley, Mrs.	White (Middlesex East)
Thatcher	White (Waterloo South)
Thomas	Winters
	Wylie—59.

NAYS

Messrs:

Argue	Jones
Balcer	Knowles
Barnett	MacLean
Blackmore	McCullough (Moose Mountain)
Blair	Nesbitt
Bryce	Nicholson
Bryson	Quelch
Cameron (Nanaimo)	Regier
Castleden	Small
Ellis	Stewart (Winnipeg North)
Gillis	Tustin
Hamilton (York West)	Yuill
Herridge	Zaplitny—29.
Hodgson	
Johnson (Kindersley)	
Johnston (Bow River)	

Bill read the third time and passed.

LA PAIX GENERAL INSURANCE COMPANY OF CANADA

Mr. Romuald Bourque (Outremont-St. Jean) moved the second reading of Bill No. 189, to incorporate La Paix General Insurance Company of Canada.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CANADIAN PACIFIC RAILWAY COMPANY

Mr. G. J. McIlraith (Ottawa West) moved the second reading of Bill No. 191, respecting Canadian Pacific Railway Company and certain wholly owned subsidiaries.

Mr. Knowles: Is the sponsor going to make a statement in connection with this bill?

Mr. McIlraith: The purpose of the bill is to simplify the corporate organization of the Canadian Pacific Railway. The 13 railway companies named in clause 2 of the bill are wholly owned subsidiaries of and are operated under long-term lease by the Canadian Pacific Railway Company. Some of the leases are for 99-year terms and some for 999-year terms. Of the 13 companies, ten were incorporated by acts of this parliament, one by act of the Ontario legislature and two by acts of the British Columbia legislature.

By the bill, the railways and all their undertakings and assets are being vested in the Canadian Pacific Railway Company, and the Canadian Pacific Railway Company is assuming the liabilities of these railway companies. Complementary legislation is being sought from the provincial legislatures in the provinces in which the railways are

situated. Complementary legislation in Ontario and British Columbia is now being dealt with by those legislatures, and application will be made to the Quebec legislature when it reconvenes, which is usually in the latter part of the year.

The bill will not have any effect on the actual operation of the lines, and nothing affecting the operation itself is involved in this legislation but there is, of course, a change in the administration and accounting procedure consequent on the vesting of the assets in the Canadian Pacific Railway Company.

Mr. Hamilton (York West): Could I ask for confirmation from the sponsor that there is no complementary action in mind here which involves the closing of any lines or any of these subsidiary services?

Mr. Speaker: If the hon. member speaks now, he will close the debate.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, perhaps I might make a short speech that will consist of one or two questions. Then the hon. member for Ottawa West, when he closes the debate, can also answer the question that has been asked and any others that might follow.

I would be interested to know whether the change in the corporate structure contemplated by this bill will have any effect on the position of the workers employed by these various companies. Will it have any effect on the collective agreement that exists, although that collective agreement is being renegotiated at the present time, between the various railways and their employees? I would also like to know whether it will have any effect on any pension plans. Perhaps the hon. member could deal with those questions when he is permitted to close the debate.

Mr. Fraser (Peterborough): I should like to ask one question. When the bill is passed will it mean the elimination of the names of these other companies, or will the names remain as they are?

Mr. F. G. J. Hahn (New Westminster): I have one question to put to the sponsor of the bill. I am not sure that I caught correctly what he said with respect to the respective provincial governments being notified and asked to pass complementary legislation. I understood him to say that the legislatures involved were all sitting at the present time. I know that the legislature of the province of British Columbia is not sitting now. I am not sure that he mentioned that province, but would he please explain?

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have one question for the sponsor of the bill. He may have dealt with the matter, but if he did so I did not hear him. Will he state whether it is the intention to move that the bill be sent to the standing committee on railways, canals and telegraph lines or some other committee after second reading?

Mr. Speaker: Under our standing orders it has to go to the standing committee. We have no choice in the matter.

Mr. Jones: Can the sponsor give the present names of the subsidiaries in British Columbia that are involved?

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker—

Mr. Speaker: If the hon. member speaks now he will close the debate.

Mr. McIlraith: —I shall try to answer the questions raised. As to the first question about closing a line, that matter is not affected in any way by the bill before the house. The closing of a railway line is something that, under existing legislation, has to be done by application to and with the approval of the board of transport commissioners for Canada. I understand that no such application is contemplated. As a matter of fact, some of the railway lines dealt with in the bill are very important railway lines in the existing C.P.R. system. The main line from Montreal to Toronto is made up in great part of one of these lines we are talking about today.

The next question had to do with the workers. I should like to have that question dealt with again in the committee, but I understand that the workers are all Canadian Pacific Railway workers. These railways are and have been operated by the Canadian Pacific Railway Company, and therefore the workers would not be affected in any way. I feel quite sure of that. That was my understanding of the matter, but I will raise it again with counsel for the railway company to see if any elaboration of my answer is required when the bill is considered in the committee.

The next question from the hon. member for Peterborough was as to the names of the companies?

Mr. Fraser (Peterborough): Will the names of the companies be changed to "Canadian Pacific Railway Company"? Will these companies all lose their identities?

Mr. McIlraith: These companies will disappear completely. They are dissolved by the bill before the house.

Mr. Fraser (Peterborough): They will all be C.P.R.?

Mr. McIlraith: They will be dissolved and the names will disappear.

Mr. Fraser (Peterborough): And all be Canadian Pacific Railway Company.

Mr. McIlraith: All will be Canadian Pacific Railway Company. I was asked as to the names of the companies in British Columbia. The two companies in British Columbia are the Columbia and Kootenay Railway and Navigation Company and the Vancouver and Lulu Island Railway Company.

There seemed to be some misunderstanding about complementary legislation. When I was discussing this matter some few days ago before the bill first appeared on the order paper, complementary legislation was before the British Columbia legislature which was at that time in session, and I assume it was passed. The complementary legislation would seek to do two things. In so far as it is required because of the legislative jurisdiction of that legislative body, it would seek to vest any assets in the C.P.R. exactly as is done here with respect to those assets over which this parliament has jurisdiction. In the case of the two companies incorporated by the British Columbia legislature it would also dissolve those companies, and similarly with the Ontario company. Does that answer all the questions that were asked? I think it does.

Mr. Knowles: I suppose I can take it for granted that what the hon. member said with regard to workers would apply to workers pension rights as well as to other matters affecting workers.

Mr. McIlraith: Pension rights would be a liability if it were one that was in existence, so I think the point is fully covered by the legislation.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

MARY VALERIE DOROTHY JOHNSTON BROMWICH

On the order:

Second reading of Bill No. 192 (letter S-6 of the Senate) intituled: "An act for the relief of Mary Valerie Dorothy Johnston Bromwich".—Mr. Henderson.

Mr. Speaker: There are several divorce bills coming up for second reading. Is it agreed that they all be taken in one motion?

Some hon. Members: Agreed.

[Mr. McIlraith.]

SECOND READINGS—SENATE BILLS

Bill No. 192, for the relief of Mary Valerie Dorothy Johnston Bromwich.—Mr. Henderson.

Bill No. 193, for the relief of Dorothy Joanne Campbell Mockeridge.—Mr. Henderson.

Bill 194, for the relief of Edna Gertrude Neil Fry.—Mr. Henderson.

Bill No. 195, for the relief of Madeleine Tremblay St. Jean.—Mr. Henderson.

Bill No. 196, for the relief of Stephen Harvan.—Mr. Henderson.

Bill No. 197, for the relief of Charles Lanny Catto.—Mr. Henderson.

Bill No. 198, for the relief of Simonne Trottier Breard.—Mr. Henderson.

Bill No. 199, for the relief of Mary Murray Snook.—Mr. Henderson.

Bill No. 200, for the relief of Ruth Katie Brigden Battersby.—Mr. Henderson.

Bill No. 201, for the relief of Marie Dicerni Arcieri.—Mr. Henderson.

Bill No. 202, for the relief of Laurence Turgeon, otherwise known as Laurent Turgeon.—Mr. Henderson.

Bill No. 203, for the relief of Barbara Allen Deslauriers.—Mr. Henderson.

Bill No. 204, for the relief of Henri Xavier Eugene Bernard.—Mr. Henderson.

QUEBEC NORTH SHORE AND LABRADOR RAILWAY COMPANY

The house in committee on Bill No. 148, respecting Quebec North Shore and Labrador Railway Company—Mr. Brisson—Mr. Applewhaite in the chair.

On clause 1—*Extension of time for completion of line.*

The Deputy Chairman: The question is on clause 1 and on the amendment thereto moved by the hon. member for Vancouver-Quadra. Perhaps it might refresh the memory of the members of the committee if I read the amendment. It is as follows:

That clause 1 be amended by deleting the word "ten" in line 9 of the bill and substituting the word "five" therefor.

Mr. Hamilton (York West): Is the mover of the bill in the house to answer any questions, Mr. Chairman?

Mr. Weir: Certainly he is.

Mr. Churchill: In the unavoidable absence of the mover—

Mr. Brisson: I am here.

Mr. Hamilton (York West): Mr. Chairman, I should like to spend a few minutes on this legislation and the amendment moved by the

hon. member for Vancouver-Quadra. I think a great deal of weight was given in the committee that considered the bill to evidence which possibly indicated that there was very little difference in the situation with respect to the further development of this railway than was the case ten years ago, when the company first approached the house for a franchise covering a period of ten years for the development of the road. In subsequent speeches that have been made on the subject I believe one salient feature has been overlooked, namely that at the present time the applicant for this franchise has lost the pioneering spirit which motivated it in carrying out the program that has been carried out thus far.

When the company approached the house for permission previously it had been making surveys in the area around Schefferville and had come up with indications of some valuable iron ore properties. It was obvious at that time that if it were to be in a position to carry out development work, a railway was definitely necessary.

Now the situation is that the railway has what it wants. It has a railway to its door, to its own properties. As I have indicated previously, there is not the same incentive to this particular company to carry out the further development work which will be required in order to push the railway forward to Ungava bay.

I think also that it is an extremely naive view that has been held in some quarters that this of course is not an exclusive franchise, that it is only some enabling legislation, and that if this particular company does not go forward with its plans then of course there will be plenty of opportunity for other companies to come forward, make an application and have their application dealt with on its merits.

That sounds very nice, Mr. Chairman, but from the practical standpoint I do not think there is any doubt about it that what we are handing over here today is an exclusive right for an additional 10 years. I would say this. If someone else came along in the interval and suggested that they would like to move in here and start extending this particular line of railway, I believe they would be quickly told no, that there was a company which had opened up the original area here and that they still had several years to go before they could be put out of the market in this connection.

There is this matter of the removal of incentive as far as going forward is concerned. On the other hand, there is every indication that the area now holds the same promise to the north that was there in the original construction period of the rail line. I might refer to the examination of the hon. member for Vancouver-Quadra when he questioned the manager of the railway company. At page 20 of the minutes of proceedings and evidence of the standing committee on railways, canals and telegraph lines, we find the following:

By Mr. Green:

Q. When you showed the committee the small map you showed us a stretch of base metal territory running to Ungava bay and to the west of it a similar stretch of iron ore territory.—A. Yes, there is a possibility of finding enrichment in it. There has been a great deal of exploring done on the iron ore field apart from the low grade ore in the vicinity of Ungava bay.

Q. There are iron ore possibilities on the way north from Schefferville to Ungava bay?—A. I do not say somebody would not find an iron ore mine in between. The most central deposit of high grade ore which we have is about 50 miles northwest of Schefferville at a place called Eclipse.

The indication here is that somebody might find it, but there is not the same lure in front of this particular company to carry on this work. If the same pioneering spirit were developed by this company today, Mr. Chairman, it seems to me there would be no question about its ability to carry forward the necessary surveys, get the work under way and do it long before the expiration of the 10-year period that has been provided for in the application. I say that the amendment which has been made limiting this period to 5 years appears to be reasonable.

I may have been a little surprised in committee to find that some members of the C.C.F. party thought the 10-year period was quite all right. However, when I looked back at *Hansard* of the session of 1947, volume III, page 2437, I found there an indication that all their members did not feel that way. The hon. member for Cape Breton South has redeemed himself here by carrying on the same argument that he used at that time. I should like to quote what he said back in 1947:

Nevertheless, as I was saying when the minister interrupted me, this bill not only gives the company control over bus lines, transportation and all the rest of it which is included in the bill—if it is a provincial matter it should not be in the bill—but it definitely delegates these rights to the company. The worst feature of it, as I see it, is that the company is not obligated to begin operation of the road for five years, which can serve the purpose of keeping someone out if they want to go in and develop that territory in that time. If at the end of ten years the job is not completed, then, under the bill, the government has the right to rescind it. So far as the development of the resources and the railway line in there are concerned, it is definitely gone, because the company can do what they like with it for the next ten years. They are not obliged to do anything about it. The bill precludes anyone else from going in there and developing the area.

Those conditions still exist, I submit, Mr. Chairman. I believe that if the applicant in this case wants to show good faith and wants to continue the same pioneering spirit which it used previously, it should not object in any way to the reduction of this period from 10 years to 5 years.

There is one other feature about this matter, and it has been discussed in this house previously. Here again the control of a vast amount of the natural resources of this country is being handed over to people outside of this country. Someone may say it has been handed over by another legislative authority, but by this legislation dealing with the franchise for a railway which will probably be the only major means of opening up this territory I say that in this case again, this House of Commons is going to ensure that the control of thousands and thousands of acres of the best ground in this country from the natural resources standpoint is going to be handed over to interests which are entirely outside this country. There is again the feature that we are not paying attention to the essential fact that if we are not careful we are not going to control within our own country all the wonderful assets which have been left here for us.

Mr. Barnett: Mr. Chairman, I am glad to say that I find myself in complete agreement with the opening remarks of the hon. member for York West wherein he stated something to the effect that there is little difference between the situation now and the situation 10 years ago in respect of this railway company; but probably my reasons for feeling that this is the case are somewhat different from his. I have been attempting to follow his remarks rather closely. I must say that I am rather clear in my mind as to what he is against in this connection, but I have little idea as to what he is for. I gather that for some reason or other he is opposed to this particular concern having a franchise to extend this railway, but he does not suggest what the alternative would be if this franchise is not granted.

I think my position today, Mr. Chairman, is the same as that which was taken by the hon. member for Cape Breton South 10 years ago, namely that this is the kind of development which should have been handled in a manner which would have kept its benefits in the hands of the people of Canada. I must say that I found it rather amusing, both in the house and during the committee hearings on this bill, to find the great Conservative party and its members raising all the fuss and furor that they have been raising about this particular bill at this particular time. There are occasions when they seem to pride themselves as being the great champions of what they like to call free enterprise. Yet in this case they seem to have some particular gripe against this particular firm. I must confess that I have not yet discovered the reason for it.

Now, Mr. Chairman, the hon. member for York West indicated in the committee that he was in favour of private monopolies.

Mr. Fraser (Peterborough): He never said that.

Mr. Barnett: In my remarks in the committee I made it clear that if you were going to have a monopoly I would favour a public monopoly.

The Deputy Chairman: I hesitate to interrupt the hon. member at this stage, but may I volunteer to him the information that the remarks he is now making are entirely in order on clause 1 and would be in order on clause 1 whether the amendment before us is carried or defeated. But I suggest to him that the line of thought he is pursuing, as to whether or not this particular company is to build the line, is not the question before the committee at the moment. The question before the committee at the moment is whether we shall continue the 10-year period or make it a 5-year period. Then we shall decide whether or not the clause shall be carried. I would ask hon. members at this stage to restrict their remarks to the subject matter of the amendment, because when the amendment has been disposed of the clause will be open for discussion.

Mr. Hamilton (York West): I rise on a question of privilege, Mr. Chairman. Although I understand you are ruling some of the remarks out of order, I think in connection with the remark made about my statement on monopolies I might be allowed to read from page 28 of the committee evidence the actual words used.

> If there is anything I don't like it is public monopolies. I like private monopolies little more—

Mr. Barnett: At the risk of incurring your displeasure, sir, I might remark that I thought I was giving a reasonable paraphrase of that particular statement. However, Mr. Chairman, perhaps I have not made my point in connection with the amendment as clear as I might have. The precise point of the remarks I was making was that I am quite frankly puzzled as to why this amendment is before us, in view of the ideas put forward by the hon. member and his colleagues.

The position I took on this question in the committee when we were discussing an identical amendment moved there, was that this amendment was tantamount to telling this firm that they must commence construction

of this line immediately. However, there was no evidence in the committee that there was any immediate need for this particular railway line. There was no evidence that mining properties would be proved up and would require a railway line. There was no indication that there would be any other traffic except that originating from the mine to justify the construction of the railway beyond the point to which it has already been built. For that reason, I felt in the committee, and still feel, that regardless of whether this is going to be built by a private monopoly or a public monopoly—I agree with the hon. member for York West that in effect this is tantamount to an all-inclusive franchise so far as a railway in that area is concerned—the cost of this railway construction if it should prove to be an uneconomic venture is going to come back on the shoulders of the people of Canada. For that reason I indicated in the committee that I would have been much happier if the hon. member had proposed an amendment which would, in effect, have indicated to the company that they must commence construction within five years. I made it clear in the committee that I would have been prepared to support that kind of amendment.

Personally I cannot see that it is wise to compel this company, as this amendment in effect suggests, to commence immediately the construction of some hundreds of miles of railway line. Indeed, it has yet to be proven whether there is or ever will be any traffic for a railway to carry. However, the main question is whether or not this franchise should ever have been granted, or whether it is wise to extend a franchise for an indefinite period to large private monopolies. I think, Mr. Chairman, I have attempted to clarify my own position on this amendment. Perhaps I might not find it necessary to pursue the broader question when we come to consider clause 1, in view of the fact you believe I have covered a broad area in my discussion of the amendment itself.

Mr. Hahn: In introducing this amendment to the house, the hon. member for Vancouver-Quadra has once again indicated a desire to rush into things for the sole purpose, in so far as the Conservative party is concerned, of hurrying up a program in order to bring these important matters to the attention of the public, indicating that they are a do-something party. I agree with the spirit of the amendment, the spirit being that there should be a railway extension into the northern part of Quebec and particularly from Knob Lake to Ungava bay. We cannot, however, go along with the suggestion that it must be built within a 5-year period.

I believe we have had sufficient evidence brought before the committee to indicate that it is quite impractical to expect this company to finish this job within a 5-year period. I do not see the justification for forcing the issue and having a railway line constructed over territory which will be non-productive. The line should not be built until such time as a request has been made by some responsible mining industry or some other responsible body and evidence is given to indicate that a rail line is necessary. As I understood the committee report, it was indicated that all that need be done was that certain representations be made to the railway company indicating that an extension of the line was desirable and necessary to get their products to market, and the line would be started.

Now, the fact that a rail line is necessary is certainly true but it is definitely not necessary to have that line constructed within a 5-year period, unless there is someone in that region who has a business enterprise, a mining industry, that would make it essential. I was interested in the remarks of the hon. member for Comox-Alberni because I felt that he approached the problem in an extremely realistic way, which is something I really appreciate about the hon. member. In relation to this question, as in several other cases, I think the hon. member revealed a reasonable approach. We must face reality. We have a great north land which needs to be opened up. But to bind to a five-year period a company which has proven it is doing a good job in this particular area, or to take away its franchise, would be the height of folly.

In so far as statements concerning monopoly are concerned, I think the hon. member for York West made himself quite clear when he indicated that he did not like a private monopoly any better than he liked a public monopoly.

Mr. Knowles: He said a little better.

Mr. Hahn: He did not say a little better; he said "little better", as I recall it, which to my mind means that he did not think there was much to choose between either of them. We have a board of transport commissioners for the protection of the public, which should regulate these things in respect to monopoly, either public or private. There is nothing defensible in either, I might add, if they are exploiting the public. However, Mr. Chairman, that is not the purpose of our present discussion.

Mr. Gillis: There are no public monopolies. There has never been any prosecution. There have been prosecutions on the other side.

An hon. Member: The government cannot prosecute itself.

Mr. Hahn: The hon. member for Cape Breton indicates that there are no public monopolies. I probably should not have called them by that name. I should have said there are government enterprises; but try to get into business, such as the T.C.A., and you will soon discover for certain whether or not there are public monopolies.

I think I have made myself quite clear concerning the stand I take. I do want to see the development of the north land of Quebec, as part of the north land of Canada, but I do not expect it to happen in the next five years.

Mr. Langlois (Gaspe): Mr. Chairman, when this bill was discussed for the first time in this committee the other day, the hon. member for Vancouver-Quadra claimed that by granting the extension of 10 years asked for by the company, we would be placing a stranglehold on the district. This line of argument was to some extent taken up this afternoon by the hon. member for York West, when he contended that by this bill we were giving an exclusive franchise to the railway company for a further period of ten years.

I do not think it is necessary for me to repeat what has been said before in this connection both in this committee and in the committee on railways, canals and telegraph lines; that is to say, that by this bill we are only amending the incorporating act of this company by providing that it shall have a further ten years starting in May, 1957, in which to carry out the whole undertaking envisaged by its incorporation. If some hon. members still persist in contending that we are placing a stranglehold on this district, one has only to remind them that if a stranglehold was ever placed on this district, it was when the mineral rights were granted to the mining companies in that district by the Conservative government of the province of Quebec.

Speaking on this question of mineral rights, I wish to remind hon. members that the Quebec Iron Ore Company is not the only company holding mineral rights in the district proposed to be served by this extension. At this point I wish to quote from the report of the committee on railways, canals and telegraph lines, when Mr. Durrell was asked by the hon. member for Vancouver-Quadra to answer some questions. Mr. Durrell had this to say, as reported at page 15 of the report:

> Between Leaf bay and the coastal area we have considerable holdings, and we are doing a lot of drilling; but we would hardly call it ore today. It would be if it were just outside Montreal; but we need large tonnage to justify an extension to the railway.

[Mr. Gillis.]

In reply to a further question asked by the hon. member, as to whether these were iron ore deposits, Mr. Durrell had this to say:

> No, base metal deposits, copper and nickel.

I asked a question, as reported at page 22 of the report:

> Mr. Durrell, have you been requested by any of the companies holding mining rights north of Schefferville for this extension?

In reply to my question Mr. Durrell answered:

> No sir. We have not.

My contention is that the company is right in coming before this parliament and asking not to be called upon to proceed with this extension until such time as the ore deposits in the district have been proven and can be exploited. Even if it were proven today that these ore bodies were ready for exploitation, my contention is that the five-year extension of time proposed by the amendment would not be sufficient. This was also borne out by the evidence placed before the committee. Mr. Durrell stated quite clearly that it would take at least two or three years to complete the survey and to prepare the necessary plans.

Mr. Durrell also stated that it had taken over four years to build the first part of the project from Seven Islands to Schefferville. He added that this part of the line was built by expediting the work, by using airlift to quite an extent and by spending about twice the amount of money that would have been required to build this line under ordinary circumstances without rushing the construction. He also added that the terrain in the district north of Schefferville to Ungava bay was worse, as far as railway construction is concerned, than the stretch between Seven Islands and Schefferville. Therefore it can be safely said that it will take more than four years. Mr. Durrell gave evidence before the committee that it would take some six years more for the completion of this line. If we say to this company that they can have only five years in which to carry out the project, we will not be giving them sufficient time to even make a start on the construction. It is quite clear that the minimum of time required to complete the survey, to prepare plans and specifications and to build the line would be of the order of eight or ten years.

The other day the point was made by the hon. member for Cape Breton South that this extension should have been undertaken by Canadian National Railways. I do not think it will be necessary to spend very much time to prove to the committee that this is not the type of project which should be undertaken by Canadian National Railways.

The Deputy Chairman: I am sorry to interrupt the hon. gentleman, but I interrupted another hon. member and asked him to remember that what we have before us is an amendment to reduce the period of the extension from ten to five years, and I do not think we should be discussing whether some other railway should be authorized to build this line.

Mr. Langlois (Gaspe): Mr. Chairman, I accept your decision. I was just answering the point made by the hon. member for Cape Breton South. I should like now to deal with the other point which was brought up by the hon. member for Vancouver-Quadra when moving his amendment. The hon. member said that this company should not be allowed to undertake this project because it is being financed chiefly in the United States. In reply I would say that I do not see anything wrong with a company of this kind being financed outside of Canada. I should like to quote what Mr. Durrell had to say before the committee about the financing of the company. In reply to a question by the hon. member for Edmonton East Mr. Durrell said:

> Q. How do you intend to finance your line? Can you tell us?
>
> A. We financed this line ourselves. We did not go to anybody for assistance. Out of the $255 million we have spent for capital expenditure, we borrowed $145 million from insurance companies. I regret to say that Canadian insurance companies were offered the first "crack" at it but unfortunately we only had four who would participate. They felt that the development of the north country was not properly justified so the bulk of our money came from American insurance companies. Canadian companies were offered the first chance. That was a blow to me. I am a Canadian.

To a further question by myself Mr. Durrell added that out of the total of $145 million which the company needed to borrow in order to complete the first section of the line, roughly $2 million had been advanced by Canadian insurance companies. If companies of this type cannot find the necessary finances in Canada to develop particular sections of our country, are we going to postpone the exploitation of our natural resources?

I submit that the amendment should be opposed because it does not give sufficient time to the company to carry out survey and other preliminary works, to draw up the plans and to complete the construction. I would remind hon. members that we are not giving the company ten more years to make up its mind, and in this connection I should like to quote the latter part of clause 1, which reads:

> —and if within the said period the said line of railway is not completed and put in operation, the powers of construction conferred upon the company by the parliament of Canada shall cease and be null and void as respects so much of the said line of railway as then remains uncompleted.

It is quite clear that we are not giving the company ten more years in which to make up its mind. It is being given ten more years in which to make the survey, build the line and put it into operation. If the company fails to do that within the period, it loses the powers conferred upon it by its charter. I submit that the ten years which will be given by the bill is not too long a time. It is barely time enough for the company to carry out the construction of this line, which I hope will soon be undertaken in order to develop this part of the province.

Mr. Hodgson: Mr. Chairman, following the last speaker may I say that this bill gives the company not ten years but eleven years, because the first ten years will not be up until more than a year from now. Not only does it give them another eleven years, it gives them control over a great land mass containing a tremendous mining potential and extending for 300 square miles in the northern part of that country. This company got a franchise in 1947 but they did not start to build the present line until 1949. They completed the line two and a half years ago to their own mine. The first section was built in a little over four years, and it is now proposed to complete the line to Ungava bay, an extension of about the same distance.

The amendment moved by the hon. member for Vancouver-Quadra will give this company an extension of six years, which is nearly twice as long as it will take them to build this railway if they want to go at it right away. The vice-president of the company stated before the committee that they could build the line in less than four years, and he said also that they could do the survey work in two years. Therefore an extension of five years will give them a total of six years in which to complete this line of railway.

I object to any ten-year period being granted because it will tie up a large area of the country and leave it under the control of large American interests. Nobody will have a chance to go in there, find a mine and build a railroad. If somebody else wanted to build another line they would have to come back here and we would have to change this whole set-up. I have no objection to Americans coming here and spending their money and developing any part of our country, but I have objection to tying up a large mining area to United States interests for that period of time. There are other people participating there at the present time, but what if those companies set about getting franchises for a period of another ten years?

I think the amendment moved by the hon. member for Vancouver-Quadra, giving them another five years, which is really six years from the present time limit, is giving them plenty of time. No matter what interests they have, we should not have a great area of our country tied up to large United States interests. We may have groups in this country who wish to open mines and develop some of their country. Surely we are not going to tie this country up so that somebody who is not a Canadian can go in there and develop a mine and build a railway, or even build an extension of a railway.

Five years is long enough. The evidence has proved that that is sufficient time to build this railroad. It gives them two years to make a survey, and it takes four years to build it. The evidence given in the railways, canals and telegraphs committee was that that was plenty of time. They said they could do it in less time than that if they were to fly stuff in, which would make more expense. Nobody is asking them to do that, to make extra expense; but when they have given evidence that they can do the job in six years, and we offer that after giving them one period of ten years, I think we have gone far enough and been fair enough with this company. Far be it from me to suggest that we stop this company from bringing in money to develop this country, but this is tying it up for too long a period.

Mr. Small: The hon. member for Gaspe was working on the premise that the hon. member for Vancouver-Quadra was attempting to end all work, that he did not want to see the railway go further, and that by putting a limitation on the time he was trying to frustrate the work of the company in proceeding further. That was not the impression I got at that time. My impression was that he thought five years was sufficient, following next year, 1957, to prove they were really in earnest about extending this railway to Ungava. So far as the evidence went, all the figures they gave showed that they could do it in that time.

Be that as it may, he said that if the extension were given for an extra five years, it would be up to the company to show something for that five years and then come back to the house and ask for a further extension, proving good faith and that they had made sufficient progress during that five years to warrant giving them the balance of the ten years. So it was beyond the comprehension of some members of the committee why they should be given that full extension. The amendment was to give them a five-year extension, which really meant six years, so that if they came back after that time and showed that they had made sufficient progress on the work, then they would be given the balance.

What has the company been doing up to now? They have only started to make surveys and do the research work. As to progressing farther north, they have been standing still all that time. Now they advance the argument that they want another ten years. What have they done in that time? They have now built some 355 miles of railway. Surely the company has not been standing still all this time. They should have made sufficient plans and have made the necessary surveys so they could accomplish the best part of the work in the next four years.

Mr. Hosking: I wish to make a few remarks in case the wrong impression has been given regarding the building of this railway. I think it would be well for the house to consider for a few moments just why the Quebec North Shore and Labrador Railway Company built a railway in the first place. They built a railway in order to transport ore from Knob Lake to an ocean port. As the Conservative speakers have pointed out, it has taken nearly nine years to build this railway and get it into a position where they could ship ore.

Mr. Hodgson: It took them less than four years.

Mr. Hosking: It is about nine years now, and the railway has just come into operation and has not made any money as yet. Mr. Durrell told us in the committee that he hoped that, if the production this year was as they expected it to be, next year they would make a profit. These men collected $255 million to build a railway, and port, to open up an ore field. Therefore it was good, sound logic that they should build this line. There is no similar logic to justify them in proceeding further at this time.

They asked for an opportunity to build a railway through to Ungava bay in case ore should be found farther north and it would be advantageous to have a seaport on the northern coast of Canada. If they found these ore fields, then they would be prepared to build this line. We were told in the committee that exploration work was being done in that area, and that at the present time there was no ore field that made it logical for them to proceed. They have shown good faith. They discovered an ore field and they built a railway.

This motion of the Conservative party is one to curb free enterprise. All through the committee proceedings the Conservative

members were saying that this should not be a free enterprise movement, that we must curb them, that the government must step in at the last minute and put curbs on it, after a group of men—four of this company's directors are Canadian and one American—had developed this section of the country for us. Let me say this. Of the $255 million that was raised to build this project, $143 million was raised in the United States. I should like to read Mr. Durrell's comment on how that money was spent. He said they had some difficulty at the start, and they had to buy cars from the United States. Then he went on to say this, as recorded on page 24 of the evidence:

> Since then we have been buying almost 100 per cent Canadian, and in the $255 million I do not think probably more than 5 per cent went out of the country.

It is all very well for the Conservatives to suggest that it is a bad thing to borrow money from the United States, but when these people themselves borrow and raise $255 million and all of it but 5 per cent is spent to give labour in this country of ours, I think it is a very good thing to go outside and borrow some money in order to give employment here. It is a sorry thing for this country when the great Conservative party takes an attitude adverse to such development—

Mr. Hodgson: Nobody said they did not want them to borrow.

Mr. Hosking: You accused them of being a United States company.

Mr. Hodgson: I did not.

Mr. Hosking: There is only one director from the United States in the whole company. I want to say this—and I would like anyone else who disagrees with me to comment on it—that if and when there is an ore body of commercial value, this company will build an extension, the same as they have built a railway from Seven Islands to Knob Lake. They will handle the new ore, and no government should give people who invest money the feeling that the minute they get into this position then someone would take it away from them. This should not be done.

Mr. Churchill: We are engaged now in a discussion of the first clause of this bill, which reads, in the first few lines of paragraph 1, as follows:

> Quebec North Shore and Labrador Railway Company, hereinafter called "the company", may within a period of ten years from the 14th day of May, 1957, complete that portion of its line of railway authorized by chapter 80 of the statutes of 1947 which is not now completed . . .

The amendment moved by the hon. member for Vancouver-Quadra is to the effect that the word "ten" be struck out and "five" substituted therefor. The purpose of the amendment is not to raise an obstruction to the building of a line of railway for opening up a section of the northern part of Canada where mineral development may be carried on. That is not the purpose of the amendment. It is not intended to be obstructionist, because we are just as interested as anyone else in the development of Canada's great north.

However, I think anyone looking at this matter very closely would see that to grant an extension for a period of ten years as requested by the company, when they still have one year to go on the old charter, would give them more than ample time for any purpose they might have in mind. A five-year extension would be more in line with the progress that is being made in Canada at the present time. It seems to me that in 1947, nine years ago, when the charter was granted, and a ten-year period was put in the legislation, the situation in the development of Canada's mineral wealth was very different from what it is today. In 1947 we were not aware that we were going to have the great development that has occurred since that time. In 1947 we were not aware that the resources of the North American continent were being depleted at the rate shown by the subsequent Paley report.

Consequently the whole picture of mineral development in the Canadian north land is materially different from what it was in 1947 when the ten-year charter was granted. This company was entering into unknown territory. It had to make extensive surveys and it was difficult to get started although, by reason of the airlift, the job of building the present railway was completed rather quickly. The airlift and the rapid construction of the railway coincided with the pressing demand for iron ore and were timed to coincide with the opening of the St. Lawrence seaway.

I think the ten-year period allowed in 1947 was reasonable under the circumstances prevailing at that time, and a five-year extension now would appear to be reasonable in view of the circumstances now prevailing. We are now in a sphere of development that is much more pronounced than it was ten years ago, and there is a much greater demand for our mineral wealth than ten years ago. Many more companies are interested in surveys and in searching for ore bodies. It seems to me that under these circumstances the company, if it is given a five-year extension of its present charter which in effect would give it six years to make up its mind, should have ample time for any extension of the railway line.

In reading some of the evidence given in the committee and subsequently quoted in the house I have noticed that when questions were asked of Mr. Durrell as to whether he felt justified in commencing construction of the extension at the present time he gave this answer, as quoted at page 2241 of *Hansard* of March 16:

> There is nothing at the moment to justify the construction of a railway. Surveys show areas which may be suitable for mining development, but so far, as I said, we know of nothing which would justify beginning construction.

Reading further along in the evidence I see that there does not appear to be any great haste to start work in the minds of the proponents of the scheme. Is that why a ten-year period is required? If the railway is so desirable it would appear to me that immediate action would be necessary, and that survey work would be under way at the present time. After all, these people have a base of operations now which they did not have ten years ago. They have a railway line running up from the coast. They have experienced people and the experience they gained in laying that railway line. I would think their surveying of the next strip would be more rapidly done and more easily accomplished than in the case of their initial venture at the time they decided a railway line should be built.

All things being considered, the proposed extension of five years would grant them ample time to reach a conclusion. It is a strange thing. I noticed that the hon. member for Gaspe drew our attention to the latter part of the clause, which is to the effect that if the company does not complete the said line of railway and put it into operation, its powers will cease and be null and void in respect of so much of the said line of railway as remains uncompleted at the end of the ten-year period.

On the face of it that appears to be a restriction on the railway, but when you look at it a second time it may be a disadvantage to Canada. They might construct two or three miles of railway, let it rest for ten years and then quit on the job. There is nothing that compels them to complete the entire length of the railway within the ten-year period. It is far better to have a five-year settlement of the whole issue.

If development in mineral production proceeds during the next five or six years at the same rate as it has during the last five years, surely the pressure for a railway extending along the route herein proposed will become great within the next year or two and the company might then very well proceed; but as matters appear at the moment the company is asking for an extension of its franchise for a ten-year period with great uncertainty whether anything is going to be done within that period.

I submit that within five years we might find it was urgent that something be done, might then be placed in the position that the company had not made the surveys, and delay would ensue. If it is as important as we are led to believe by those who have already spoken in favour of the measure, I fail to understand the statement of Mr. Durrell that "there is nothing at the moment to justify the construction of a railway." Why then attempt to gain control over this area without any decision that the extension of the railway is going to be proceeded with?

The hon. member who just preceded me—I refer to the hon. member for Wellington South—was suggesting that the Conservative party was opposed to the use of United States capital to develop the resources of this country. I think that is a wrong assumption or a wrong statement for anyone to make. We are not suggesting that foreign capital has not been useful in the past or that it will not be useful in the present and in the future. All we have suggested up to the moment is that full opportunity be given the Canadian people to exploit their own resources.

I was considering this question of delay brought forward in the evidence before the committee in the speeches of supporters of this bill, having regard to the fact that three years are required for survey and then another five years to build the railway. I think that is rather slow work under modern conditions.

Mr. Marler: Does the hon. gentleman know the country at all?

Mr. Churchill: I have not seen that exact piece of country, but it is part of the Canadian north land and I have seen a great deal of that. I presume it is rocky and extremely difficult country in which to build railways. It may have muskeg for all I know. I do not doubt for one minute that it is extraordinarily difficult to construct a railway in that country. But I have travelled over various parts of Canada in which railways have been constructed with great difficulty, and I am not altogether unaware of the terrain of the Canadian shield in various parts of Canada.

Mr. Langlois (Gaspe): Does the hon. member know that on the construction of this line between Seven Islands and Schefferville worse difficulties were encountered than in the construction of the railways across the Rockies?

Mr. Churchill: Did they have to build those spiral tunnels to construct that portion?

Mr. Langlois (Gaspe): If you read the evidence given before the committee, you will learn what those difficulties were.

Mr. Churchill: I would think that spiral tunnels presented a greater obstacle than anything from Seven Islands up. I admit that it is not an easy task to build a railway in such territory, but modern methods of construction are much advanced over what they were many years ago, and modern methods of survey are perhaps much advanced over what they were years ago. We have air transport to assist in moving in materials and supplies, a procedure which would cut the time greatly.

When the C.P.R. was being built around the shore of lake Superior, supplies were ferried in by water and the time for construction of the railway was cut by five years by virtue of that fact. The line could have gone through less difficult country north of lake Superior, but it would not have been so easily accessible for the transportation of supplies.

Let us take for granted all these difficulties. Let us take it for granted that there may be difficulties in surveying and in building the railway line. It still does not follow that a full period of ten years is needed for that purpose. In any case, what is to prevent the company from coming back here and asking for another extension of time? If it shows that it has done the work, that the mineral bodies are there and that the development should proceed, there is nothing to prevent that company from coming back, receiving a fair hearing here and getting an extension such as it might require at that time.

Mr. Langlois (Gaspe): Would the hon. member permit another question?

Mr. Churchill: Yes.

Mr. Langlois (Gaspe): How can he expect this company to finance such a project under the circumstances he just mentioned?

Mr. Churchill: I think that would be possible, just as has been done with the line it has already built. It is starting with an assured line to an assured ore body at the present time. Now it wants to extend that line up further into country where it is hoped that there are equally valuable mineral deposits.

Mr. Langlois (Gaspe): It is only a hope.

Mr. Churchill: Until that hope is realized by exploration and so on, why the great haste to get an extension of ten years? Why not an extension of five years? If in that interval exploration indicates the existence of ore bodies of great extent and that a line can be built without too great difficulty; and further, if the company shows that a five-year period is not adequate for that purpose, something might be done. On the other hand, if a very important body of ore is discovered there and it is urgent to get it out quickly, why not use another airlift as was done in the first instance and as was indicated here? Mr. Durrell said that is what they had used on this first section and that it was expensive.

Mr. Langlois (Gaspe): It cost them double.

Mr. Churchill: It might well be expensive for the proposed extension that is now in their mind, but it does not preclude the possibility of using an airlift to accomplish that purpose. Within a few years it may well be that the development of air transportation will have proceeded to an extent where it may be cheaper to conduct an airlift than it was in the period of construction of the present railway line.

These, Mr. Chairman, are the reasons we are suggesting that our amendment should receive careful attention and should be carried. A five-year extension, under present circumstances and with present development in our north country, should be ample for a decision to be reached as to when the line should be built and how it should be constructed.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: Order. The committee was considering Bill No. 148, clause 1, and the amendment thereto. Is the committee ready for the question on the amendment? Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those opposed to it will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it.

Amendment negatived.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Private Bills

PERSONAL FINANCE COMPANY OF CANADA

The house resumed consideration of the motion of Mr. Lefrançois for the second reading of Bill No. 160, respecting Personal Finance Company of Canada, and the amendment thereto of Mr. Coldwell.

Mr. H. R. Argue (Assiniboia): We in this group are completely opposed to the passage of this bill, Mr. Speaker. We think there is no need for the change in the name; in fact the suggested change of name from Personal Finance Company to Beneficial Finance Company is a change that would inevitably mislead potential borrowers and is something that this house should oppose and reject.

A number of hon. members have objected from time to time to the type of advertising that is used by these companies in an attempt to drum up business. References have been made to the type of advertising used by this particular company, and in this respect I think the company is a very bad offender, because in my opinion it has put out a number of very misleading pamphlets. A number of these have been referred to me. One is entitled, "You Are My Pal"; another one, "Take This Good Friend On Vacation With You". The third one is a card on credit for extra fast service. There are other instances of this type that one might mention. I had another advertisement referred to me as an example of misleading advertising, which appeared in the Ottawa *Citizen* of Wednesday, March 21. I do not know if the company specified where the advertisement was to appear, but it was taken from the comic page. The advertisement is entitled, "The Happy Answer to Your Money Needs". It reads:

> Question: How can I pay up my bills and reduce my monthly payments at the same time?
> Happy Answer: Tell your money needs to Pacific Finance. The manager can give you good financial advice, can often reduce your monthly payments by as much as one-half—

Misleading, I would say at that point.

> —while paying off your bills, and can often give you extra cash besides.
> The happy answer, get $25 to $2,500, Pacific Finance Credit Limited.

Then there is a list of the offices the company has in this city. One should keep in mind—

Mr. Philpott: What has that to do with this company?

Mr. Argue: It is the same type of advertising. I am bringing this forward as an example of the type of advertising engaged in by these small loans companies which misleads the public. It is bad enough that this type of advertising is used, but it is allowed, we expect as an expense of the company in filing income tax returns. Not only do the borrowers have to pay large sums by way of interest because of this tremendous advertising campaign engaged in by the various companies, but because such large sums are allowed by the income tax people for advertising the general public obtains a smaller amount from these companies in the way of taxes. So, in fact, the public of Canada, by our income tax laws, are bonusing and paying half the cost of the advertising engaged in by these companies.

When we take part in the debates in this house, as we are doing now and as we did a year ago, some of us accuse these companies of misleading advertising. What did the companies do or what have they done? Niagara Finance, in answer to some of this criticism, has printed a book. Amongst other things the foreword says:

> On the other hand, our industry has been the target for unjustified criticism—

I suggest that is a definite reference to statements made by members of parliament last year.

> —by uninformed people—

Another slur.

> —who have never felt the need for, nor used, the service provided by companies such as ours. Let us therefore, together, try to form an honest appraisal of the function of this industry in our Canadian economy, its usefulness and its business problems.

After having said it wants to form an honest appraisal, it makes statement after statement that is misleading, ill-founded and in some cases completely false. I think a quick reference to some of the statements in this book can prove that very statement. Not only has the company sought by this means to criticize, I suggest, statements made by members of parliament, but it is using this means to make unfounded and unwarranted attacks on the credit unions of this country. It does so in the following terms. It says of credit unions:

> Such organizations are often formed in large plants, factories, or among social or community groups. They have the advantage of being run by the members, and their administration and other costs are therefore low.

Listen to this.

> They contribute virtually nothing to the public treasury. They have comparatively no taxes to pay . . .
> They can offer low rates of charge only because they are tax-free—

I suggest the statement made by this finance company that credit unions are tax-free is completely and wholly false. The laws of this country provide the same type of taxes, the same rates of tax, to all companies,

be they credit unions or be they finance companies. If a finance company wants to take advantage of the laws of this country as they are applied to all companies, all they have to do is pay out some of their inflated profits to the borrowers on the basis of a patronage refund as is done by the credit unions, and they will have levied on them precisely the same rates of tax as are levied on the credit unions. The law is applied equally to all companies. The reason the credit unions, of course, in practice pay a lower rate is the fact they return by way of patronage dividends to shareholders and to borrowers a substantial part of the profits that are made.

Then a little bit further along they make this statement:

> The charge presently stipulated by our federal laws is 2 per cent per month on the outstanding balance of a loan to $500.

This statement is false because the federal law does not stipulate and does not set the interest rate at 2 per cent per month. It does not force these companies to charge 2 per cent per month, which is the direct inference from this statement. The law merely says the companies cannot charge more than 2 per cent. Then this pamphlet says:

> If you conclude that this is an interest charge of 24 per cent you are in good company, for thousands of people believe the same thing.

Then they try to prove that it is less than 24 per cent, but I make the statement that 2 per cent per month is not 24 per cent, it is over 26 per cent per year. The rate that is allowed these companies as the law exists today is the tremendous rate of over 26 per cent per year.

My great objection is that these companies can make this kind of advertising in answer to statements made in this house, and I suggest will claim the cost of such pamphlets as part of their deductions for income tax purposes. The company was not content with issuing this pamphlet, but gave wide distribution to a number of advertisements in the *Financial Post*. These advertisements are just as misleading as the pamphlets from which I have quoted. There are four in the series, and one says:

> It takes time for staff to fill out necessary forms, check credit, do the accounting, follow delinquent payments, discuss and sometimes rearrange loans. And time costs money. To cover these costs the mark-up really should be (but is not) as high as 27 per cent on the smaller loans, ranging down to 19 per cent on the larger amounts.

The statement they say is not correct is, in fact, quite correct, because the rate is over 26 per cent per year.

> The millions of Canadian dollars loaned to the tens of thousands of Canadians who enjoy our service is evidence, we think, that they, too, consider our charges fair and just.

In other words, if people are forced to go to these companies and pay this exorbitant rate of interest, then according to the company and the advertisement that is an indication that thousands of Canadians support their business and approve of the extremely high charge. I could go on to cite many other instances of this same type of misleading advertising and straight propaganda that the government allows as a deduction from income.

I think we should stop the passage of this bill. I think we should stop the passage of any further bills to encourage more finance companies to begin operating at this time. These people are engaged in what is in effect legalized robbery. They have become parasites in our communities. They are thriving on the low income earners, and are obtaining exorbitant profits. Until a thorough inquiry is made by this house and the banking and commerce committee, I suggest that if we are to do our duty we should ask the sponsor to stand this bill at least until the banking and commerce committee has had an opportunity to look into the field of small loans companies to see if in fact there is a good argument for the passage of this particular bill, which I suggest there is not.

The operation of the small loans companies is not affecting just the ordinary Canadian who might come to one's mind, but is affecting the personnel of our armed services, the army, navy and air force personnel. According to their own records, in many cases these people are getting into trouble with the small loans companies and are in fact paying these huge rates of interest, and are thus becoming a problem for the benevolent funds in the various services.

I have in my hand a statement put out by the army benevolent fund. This is in the form of a memorandum circulated among various servicemen concerning this problem. What does it say? It says:

> The extensive use of consumer credit and the mismanagement of family income are closely related. Accordingly, it is understandable that the financial welfare problems in Canada have increased proportionately with the increase of more than 100 per cent in personal loans, instalment contracts and other household borrowing in the past five years.

It then goes on to say that these people made a survey of the number of low income families who are in debt, and they report the following:

> Average debts of $850 per family.
> The amount being allocated from income for interest and service charges every month is between $10 and $16 (or 5 per cent to 8 per cent of the total pay).

According to this survey 5 to 8 per cent of the total pay of service personnel is being

used for the payment of interest to small loans companies. The report goes on to say:

> This would seem to indicate the need for an educational program designed to assist the householder regarding the planned expenditure of family income and the proper use of credit.

Let us look at the position we are getting into. By way of estimates and legislation the government asks parliament to pass appropriations for the pay of our service personnel. After we have provided them with a certain level of income, this government proposes measures to set up small loans companies and to facilitate the small loans racket in order that loan sharks can get our service personnel in their clutches and force a great deal of embarrassment upon the service personnel themselves, upon their families and upon the army benevolent fund.

I suggest it is the duty of the government not only to make provision for the payment of our service personnel, but also by way of legislation to prevent these sharks from taking advantage of persons who have to borrow money.

The government pays our service personnel. The Liberal party comprises the government of this country. And then Duncan MacTavish, the president of the national Liberal federation, becomes a director of one or two small loans companies and he and his companies and the policies they are following are embarrassing our army personnel according to the survey and the statement of the benevolent fund.

Some hon. Members: Oh, oh.

Mr. Argue: I can understand the jeers of the Liberal members. I can understand that the Liberal members are very uncomfortable. Nevertheless I am suggesting to them that it is a fact that the policy they have allowed, the policy that is being followed by the small loans companies, the largest of which has on its board of directors the president of the national Liberal federation, is embarrassing our service personnel. This policy is making it difficult for the army benevolent fund to function, to the point that the benevolent fund has had to start an educational program in order to protect the service personnel of the country from the loan sharks, whose practices are condoned by this government and the legislation for which is provided by this government.

I suggested that if hon. members of this house are to do their duty not only to the public generally but particularly to our service personnel, we should block the passage of this particular bill.

Mr. Donald D. Carrick (Trinity): Mr. Speaker, I would like to say a few words about the bill which is now before the house. When the hon. member for Laurier (Mr. Lefrançois) introduced the bill it seemed relatively simple and clear. He explained that this is a bill to change the name of the Personal Finance Company of Canada to the Beneficial Finance Company of Canada.

The Personal Finance Company of Canada is a subsidiary of the Beneficial Finance Company of the United States. He explained that the Canadian company wished to change its name to Beneficial in order that it would have a name similar to its parent company. It is difficult to think of any more adequate reason that could be advanced for a company coming to this house and asking for a change of name.

In connection with the authorized capital of the company he explained that the company was incorporated in 1933 with an authorized capital of $1 million. That was 23 years ago. The company now comes to this house and asks to increase its authorized capital to $10 million. The authorized capital of $1 million is all issued and outstanding. The company has had $9,350,000 paid to it as paid-up surplus. It now asks to have the capital increased to $10 million. Does that not seem a reasonable request?

What has happened in this debate? Three hon. members of the C.C.F. party have opposed the bill. I tried to look at their reasons for doing so calmly and dispassionately, in an effort to ascertain exactly what was the real reason the C.C.F. members opposed this bill. I came to the conclusion that the real objection lies in the fact that they dislike the small loans business as it is carried on under the law of Canada today. This company happens to be a company engaged in the small loans business and that is the basis of their opposition to this bill.

I suggest to the hon. members that that is a completely invalid reason for opposing this legislation. If hon. members do not like the legislation dealing with small loans the proper place to attack that legislation is when Bill No. 51 is before this house. Bill No. 51 is designed to reduce the rate of interest which can be charged by small loans companies, and when that bill is before the house hon. members will have an opportunity to express their views on the small loans business. But I suggest that in their endeavour to attack the Personal Finance Company of Canada they are unfair and discriminatory. If they want to attack the small loans business, let them do it at another time and place but not on this bill.

Hon. members of the C.C.F. party have been critical of the advertising carried on by small

loans companies. I suggest that there is a proper time and place to attack that advertising if hon. members do not like it, but when we are discussing this bill it is not the time and place. The hon. member for Assiniboia has referred tonight to some of the advertising used by some of those companies, but none of it was by Personal Finance Company.

Mr. Argue: Oh, yes; three out of the four documents I referred to were used by Personal Finance Company.

Mr. Carrick: I think the hon. member referred to Pacific Finance Corporation and Niagara Finance Corporation, but I did not hear him refer to—I withdraw that. Whatever the hon. member may have said about advertising, even that carried on by Personal Finance Company, this is not the time to deal with it. That advertising is done in accordance with the laws of Canada. There is nothing illegal about it. If the hon. member thinks the law ought to be changed, the proper time and place to do that is when Bill No. 51 is before this house.

If I may I should like to deal for a moment with the reasons why the hon. members are opposed to this bill and to the name "Beneficial" being granted to this company. I think it is nothing more or less than the belief of the hon. members that the business carried on by Personal Finance Company is not beneficial in any sense to its customers, and therefore they contend that the name would be misleading and should not be granted. May I say that whenever an incorporated company applies to this house for permission to change its name, the name is always cleared. In the case of this company the name had to be cleared with the superintendent of insurance, who is in charge of the administration of small loans companies. There is a well known procedure with the companies branch of the Department of the Secretary of State to clear names.

The general principle is that an applicant can have any name he desires, with certain exceptions, such as the use of the word "Royal" and certain others, and provided that the name is not used by any other company or so similar to the name of any other company as to be calculated to deceive. In this case the superintendent of insurance has said that he has no objection to the name "Beneficial" being granted to this company, and the companies branch of the Department of the Secretary of State has raised no objection to the name being granted. I put this question squarely to hon. members of this house. Is the choice of a name going to depend upon the likes, the dislikes or the whims of members of this house? If a person wants to know whether he can use a certain name must he first poll the members of parliament to see what are their likes or dislikes?

An hon. Member: What about the Queen Elizabeth hotel?

Mr. Carrick: I do not want to get drawn away from my argument, but let me say that the name "Queen Elizabeth" was chosen by the Canadian National Railways. I do not know what procedure they went through before they adopted that name, but that case is different from this. The type of case I am talking about is one where an application is made to this house for the incorporation of a company, or a change of name, and I suggest that the only basis upon which it can be determined what name is available to the company is the basis which has prevailed in the past, that is to clear with the Department of the Secretary of State and the superintendent of insurance. If there is no objection, then the name should be granted.

In the speech which he delivered a few days ago the hon. member for Assiniboia referred to some advertising put out by small loans companies which began with "You are my pal", and he said he had it on good authority that this was advertising of small loans companies, but whether inadvertently or intentionally I notice that he did not say specifically that this advertising was used by the Personal Finance Company of Canada.

If the hon. member had inquired from the sponsor of the bill he would have been notified that this was not one of those advertisements that had been used by Personal Finance Company. The hon. gentleman waves his hand in that incredulous fashion that he uses so often, but the hon. member is not the only one in this house who tells the truth. I suggest to hon. members that the sponsor of this bill has been so informed by Personal Finance Company of Canada, and I submit that their statement should be accepted. I suggest that it would have been only a courtesy if the hon. gentleman had asked the sponsor about this before he put the advertising before the house. He should have asked whether that was one of the advertisements used by this company.

The hon. gentleman also made a great deal of the credit card issued by Personal Finance Company of Canada. The hon. member read from that card and made reference to the use of the words "Beneficial loan system". The hon. member went on to say that this indicated that the Personal Finance Company of Canada had adopted the name "Beneficial" which was an affront to this house.

I should like to point out that the Beneficial Finance Company in the United States is the parent company of a number of subsidiaries in the United States, and also of Personal

Finance Company of Canada. Was it not perfectly proper to use the word "system" in referring to a group of companies in the United States and a subsidiary company in Canada? I cannot comprehend how it would be an insult to this house to refer to what is a fact.

In addition, I am advised that this card was used long before there was any thought of making an application to this house for permission to change the name of the company to Beneficial Finance Company. The hon. member made considerable of the use of those words on the card, but I would like to point out that those words are in ordinary print. Then across the bottom of the card in large letters are the words "Personal Finance Company of Canada". No one could think that Personal Finance Company of Canada was using any other name but its own, and the hon. gentleman certainly stretched things a bit when he tried to convey to this house that this company had used the name "Beneficial" before the matter had been dealt with in this house.

May I just deal for a moment with the application to increase the capital of the company from $1 million to $10 million. I have already mentioned that the whole of the $1 million authorized capital has been issued and is outstanding. The company, in addition, has been using in Canada $9,350,000 of paid in surplus that was paid to them by the parent company in the United States.

For all practical purposes, that $9,350,000 is just as much capital as the $1 million. That is, the company has been using over $10 million of capital in the conduct of its business. The hon. member for Assiniboia professes a desire to see the real relationship between the earnings of the company and the capitalization of the company. The best way to grant his desire is to enable this company to increase its authorized capital to $10 million, so they can declare $9,350,000 of paid in surplus as a part of their capital. Then you will see that the capital used in this company is actually $10 million and not $1 million, and then you can balance up the earnings of the company against the $10 million capital used. I suggest that is the only way you can get a proper relationship.

Objection has been taken to increasing the capital on the grounds that Personal Finance Company in Canada is a wholly owned subsidiary of Beneficial Finance Company in the United States. What that means, as I understand it, is this. The hon. members object to a situation where a United States company has brought $10 million into Canada, borrows money from the bank to conduct its operations, and may pay out dividends to the United States corporation. If that is a valid objection for Personal Finance Company of Canada, it is a valid objection for every other business carried on in Canada in similar circumstances. If it is an invalid objection for every other company, it is also an invalid objection for Personal Finance Company of Canada.

Now let me turn for a moment and apply that principle to other businesses in Canada. Let us take the Aluminum Company of Canada. It is a wholly owned subsidiary of the Aluminum Company of the United States. The development at Shawinigan and the development at Kitimat have been carried on largely by the moneys brought into Canada from the parent corporation in the United States. In turn that money will be used in Canada, and if need be the dividends will be paid to the United States corporation. Is there anybody in this house who is going to suggest that what has happened is anything less than a boon to the Canadian economy?

Some of the members of the C.C.F. party shake their heads at this argument. With due respect, it seems to me a perfectly sound argument. If I might reiterate, they object to this bill because this company is controlled by a United States corporation and is going to use this money and is possibly going to pay dividends to the United States corporation. The Aluminum Company of Canada is in precisely the same position in so far as capital is concerned and in so far as dividends are being paid out to the United States corporation. There is not a scrap of difference.

Now let me take another case. Let us take the field of oil development in Alberta. We know that one of the companies that has been foremost in development in Alberta and Saskatchewan has been the Imperial Oil Company of Canada. It is said that it had spent between $20 million and $30 million in exploration before it found a producing field. The Imperial Oil Company is a subsidiary of Standard Oil of New Jersey in the United States. The direct investment of United States capital in Canada in non-metallic minerals in 1945 was $133 million. In 1954 it was $586 million. That money has come into Canada from parent companies in the United States.

I want to be honest with the house. I do not say that the whole of the $586 million has come in connection with oil. However, is there anybody in this house who will say that what has happened in Alberta and Saskatchewan has not been good for Canada? If what has been done in these other fields has been good for Canada, can it be bad for Canada when applied to the Personal Finance Company of Canada?

Mr. Argue: That is your gas pipe-line speech.

Mr. Carrick: My submission is that you cannot brush aside with laughter arguments that are sound. The hon. gentleman had an opportunity to make a speech himself. If hon. members opposite do not think the argument I am putting forward is perfectly sound, I am sure that hon. members on this side of the house will be glad to hear what they have to say.

May I just say in conclusion that this is an application by a private company for relief applicable to itself. We are not concerned at this time wih the merits or demerits of the small loans business. The hon. member for Rosetown-Biggar has stated that there is a legitimate place for the small loans business in the Canadian economy. He praised the work done by the Canadian Bank of Commerce and the credit unions, but he said that the rate of interest being charged by the small loan companies is too high. It will all be considered when Bill No. 51 comes before the house. My respectful statement to the house is that this is not the time or place for us to embark on a discussion of the merits or demerits of the small loans business. I suggest, with great respect, that this bill is clear. The relief sought is reasonable, and this house should approve this bill.

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, I had not intended to speak on this subject, but I did wish to support the hon. member for Assiniboia in his effort tonight. I agree with him 100 per cent, but what actually prompted me to rise now was the speech made by the previous speaker. I find, strangely enough, that he is the gentleman who found the crystal ball that the Minister of Trade and Commerce lost some time ago. Having found it, he has used it to try to give us why we, the C.C.F., take the stand we do. I challenge him to prove that he did not do it with a crystal ball, because he did not know what he was talking about.

He was talking of millions of capital and dividends and all that part of this bill and the history of the company. I am not dealing with that. That is a part that is up in the clouds, which he is interested in. I am interested in the other angle of these loan companies, where they operate most successfully; in the slums and the congested areas of our large towns, where they are just like hyenas living off the poverty of the people. That is their history, and always has been. Once these people get deep into the clutches of one of these companies through loans, the future of their families remains in the slums and they have no chance to get out. The small loans companies make sure of that, because that is where their dividends come from, and that is why they need extra capital, to swallow more dividends.

Anything that creates these dividends from the slums of Canada should be opposed in this house, whether it is this company or any other company. We are not attacking this company alone, but all these small loans companies. I am speaking of small loans in general. Before the first war I was in London, and for two or three years I volunteered my time at nights and during week ends to help in a mission in the slum area in London. One of the greatest tasks we had was trying to get the people of that area out of the clutches of loan sharks. They were not legalized; they were small operators and were charging thruppence, sixpence or a shilling per week interest. They were small operators, but the principle was the same. These people got in their clutches and had no chance of ever getting out. The slums of London remain to this day to a large extent because of the loan sharks who operate there.

I have never seen these small loans companies go into areas where there is plenty of work and conditions are prosperous, or into rural areas where the farmers always have something on which to get by. They just go into the areas where they can get the most victims, and the most victims are found in the slums and congested areas of our large towns. We have heard that the operations of these small loans companies even go away beyond those of Shylock. I often think Shylock was a gentleman compared with some of the modern loan sharks. He did have his pound of flesh, but they get a pound and a half every time. What we are dealing with tonight are legalized Shylocks. Before the evil I have experienced in London gets too deep a root in Canada I believe we should take steps to stop its growth, and I cannot think of a better time than when such a matter comes before the house.

I suggest that we should have a royal commission to investigate not only the operations of all these companies but also the need of the people who make such loans. If the need is there, and God knows it is because these companies would not prosper if it were not, the government should take steps to make loans available through the banks in the ordinary way at a low rate of interest. If necessary, the government should subsidize the banks in making such loans.

To have to pay 24 per cent plus the penalties that follow if the loan is not paid on time is not a fair proposition for the poor people of Canada. Give them a fair break so they can borrow money in the same way that merchants and other people who are fairly

prosperous can go to the banks and borrow at a nominal cost. These people need it more than those who borrow at 4 or 5 per cent.

I mention this because all the evidence before the house is that these companies are growing in number, growing in strength, influence and power and growing financially. If we are going to allow this rot to get into our financial system we will have the condition that the people of Europe have tried to avoid for generations and still have with them. I suggest in all sincerity that we should be alarmed at the growth of these small loans companies and their immense profits. It indicates to me that something is rotten in our economy, and we as members will be remiss in our duties if we do not oppose the bill and all similar ones.

I am not against this particular company; I am opposed to the whole principle of small loans at 24 per cent. I think they are inhuman and unchristian. I sincerely hope the government will take steps to investigate this avenue of borrowing which is keeping people down in the lowest depths of slum life. It is something in which we should be interested, something we should fight, and this is the time to start fighting. To charge a rate of 24 per cent to a man who is in debt already and has a small salary and a large family is inhuman. We have done nothing about it, and if we pass this bill we are simply aiding and abetting those who prey on the poor people of Canada.

The Acting Speaker (Mr. Applewhaite): Order. Just before I recognize the next hon. member, after listening to the last two speeches I think it is perhaps my duty to point out to the house that we are not debating Bill No. 51, I believe it is, which deals with the principle of small loans companies. I would ask hon. members not to extend this debate to the whole field of the duties and responsibilities of the government respecting small loans companies as such, but to remember that the bill we have before us deals with whether or not certain amendments shall be made to the incorporating act of one company.

I am not suggesting for a moment that any argument for or against the passage of the bill with its two proposed amendments is objectionable because I am willing to listen to such arguments, but a discussion of the abstract question of the duty and responsibility of the government with respect to controlling our dealings with small loans companies is another debate now going forward in the house, and I would ask the house to try to keep this debate in order.

Mr. Victor Quelch (Acadia): Mr. Speaker, I want to say a few words before the vote is taken. It probably will not be taken tonight, but I should like to have my words on the record before the vote is taken. We in this group are prepared to support the amendment, chiefly on two grounds. First of all, we do not think it either necessary or desirable that the name of this company should be changed from "Personal" to "Beneficial". The word "beneficial" is hardly the correct name to use for a company doing the type of business this company is doing. Surely no one will suggest for one minute that there can be anything beneficial in so far as the patron is concerned in having to pay 2 per cent a month for the money he borrows. It may be beneficial, of course, so far as the company itself is concerned, but so far as the person who borrows is concerned there is nothing beneficial in the transaction at all.

I do not think there is any doubt that one of the reasons the name is being changed is that the new name would be more attractive. I realize that the parent company may have the name "Beneficial", but just because the parent company has the name "Beneficial" is no reason why its offspring in this country should have to have the same name. We think it would be far better for them to continue to use the name under which they have been operating in the past.

As to the second point, that the capital should be increased from $1 million to $10 million, there again we are opposed for a number of reasons. In the first place, the intention must be for the company to expand its business. It will probably mean they will expand the number of branches throughout the country. There is one other large company, Household Finance, I believe, that has 160 branches altogether. No doubt this company will also increase the number of branches. Some members may argue that will be beneficial to the people because if you increase the number of offices it will increase competition, and if you increase competition the cost to the borrower will be reduced, but that is not the record.

Apparently the record is that where you increase competition in the course of carrying on a business of this kind and you go beyond a certain point, you actually increase the cost to the borrower. Some members will recall that was explained in the banking and commerce committee by the superintendent of insurance, Mr. MacGregor, in so far as insurance was concerned. He pointed out that when you increase competition beyond a certain point you increase greatly the cost of doing business because the advertising cost is increased. These companies are already doing a lot of advertising and the more companies you put into operation the greater the competition will become and the greater will

be the amount of advertising those companies will have to do. That will increase costs; therefore from the point of view of borrowers there will be nothing beneficial to them if, as a result of steadily expanding competition, they have to pay more interest on their loans.

Mind you, even with the coming into force of the new small loans bill borrowers will be paying 2 per cent a month on the majority of loans, because the majority of such loans are under $300. The Household Finance Company points out that 68 per cent of all the loans they make are under $300, and the rate of interest will continue to be 2 per cent on all such loans. Of course, it is the people who borrow small amounts who are generally the ones who are so hard pressed.

I think we should keep in mind that the reason the small loans companies are doing such a tremendous business today, and I do not think anybody will dispute that, is partly —I was going to say largely but I will say partly—as the result of government policy. I believe this session will go down in history as the debtor and creditor session, because we are having more bills to lend money to people than we have ever had before. There have already been six bills introduced to increase loans to people in one form or another. Now we are having bills to increase the capital of small loans companies so they can make more loans.

Therefore I think we are certainly creating a record from the point of view of making it possible for people to go further and further into debt. It looks as though the only way this government can hope to bolster a high economy is to help people go steadily further and further into debt, even if the rate has to be 2 per cent a month.

Some people say that these people must be able to borrow money, and ask if we are going to deprive them of that right. I would say no. But I would suggest that the government has some responsibility in that regard. We have chartered banks in this country. We have 11 of them, with branches in every town. Here in Ottawa it is hard to find a street without running into two or three branches of chartered banks. Surely these banks could handle this business. The Canadian Bank of Commerce has already led the way in showing how it can be done. We amended the Bank Act, at the time of the last revision, in order to allow the chartered banks to take chattel mortgages. Therefore the chartered banks are now in a position in which they can very well make personal loans to the people and thereby relieve the small loans companies of a great deal of work.

I think it would be a good idea if we could cut down the amount of work or the amount of business the small loans companies do. In fact I think it would be a good thing if we could put them right out of business and let the people depend upon the chartered banks to do their lending. In order to help the people who are down and out, I think the government could very well bring in certain legislation along the lines, we will say, of the farm improvement loan plan under which they guarantee the banks against the losses. I think we need some kind of policy whereby loans can be guaranteed to small industrial workers so they can get money when they need it without having to pay the exorbitant rate of interest of 2 per cent per month.

For these two reasons, as I say, we intend to support the amendment.

The Acting Speaker (Mr. Applewhaite): Is the house ready for the question?

Mr. John B. Hamilton (York West): Mr. Speaker—

Mr. Harris: Mr. Speaker, if I may speak to this motion, I should like to say this. There seems to have been a misunderstanding about this evening's proceedings. It may be and probably is to some extent my fault. At any rate, there was among the opposition an impression that, if certain arrangements were made, we might allow this bill as well as the following bills to stand in order that we might proceed with notices of motion. Under these circumstances, I think perhaps it would be desirable to do that owing, as I say, to a misunderstanding which I think is no one's fault. Occasionally these things occur. If my colleagues are interested in either this bill or the succeeding bills, I would ask them to fall in line with my suggestion that we adjourn both debates so we may proceed to notices of motion.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Applewhaite): I would point out to the house that we are now on order No. 43. Orders No. 44 and No. 45 are private bills. Is it the unanimous desire of the house that we proceed to the consideration of notices of motions?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Applewhaite): The hon. member for York West (Mr. Hamilton) moves the adjournment of this debate. Is it the pleasure of the house to adopt the motion?

Some hon. Members: Carried.

On motion of Mr. Hamilton (York West) the debate was adjourned.

The Acting Speaker (Mr. Applewhaite): By unanimous consent the house will proceed to the consideration of notices of motions.

Some hon. Members: Agreed.

SEARCH AND RESCUE

PROPOSED ESTABLISHMENT OF COASTGUARD SERVICE ON GREAT LAKES

Mr. W. B. Nesbitt (Oxford) moved:

That, in the opinion of this house, the government should consider the advisability of introducing legislation to provide for the establishment of a coastguard service on the great lakes of Canada.

He said: Mr. Speaker, first of all I should like to thank hon. members of this house for agreeing unanimously to the postponement of the other business before the house in order that this resolution may be proceeded with for the time there is left this evening.

In presenting this resolution, Mr. Speaker, I should like to refer briefly to *Hansard* of Thursday, July 21, 1955, in which it is recorded that the Minister of Transport (Mr. Marler) and I had a little interchange in the house. As reported at page 6528 of *Hansard* I asked the Minister of Transport the following question:

Has the Department of Transport any plans at present under way for any form of coastguard service on the great lakes or anything resembling it?

The minister replied as follows:

I think I should say that the answer to that question is no. I have a memorandum on the subject which starts off by saying that the subject was reviewed a number of years ago. At that time I am told that the conclusion that was reached was that it would cost approximately $9 million at that time for the capital expenditures necessary to start a coastguard service and that thereafter the annual cost would be somewhere in the neighbourhood of $3 million.

It is with those remarks that I should like to start off. I should like to point out to the minister that this need for a coastguard service on the great lakes has arisen largely since the end of world war II, and that any survey carried out prior to that time would have no application at the present time. Second, the amount of money that was suggested by the minister is, I feel, quite out of line. I believe the cost would be much less. Consequently the first remarks I should like to make are as follows.

I should like to deal first of all with the limitation of the scope of this resolution. In this regard I should say that the resolution contemplates coastguard service on only the lower lakes, namely lake Ontario, lake Erie, lake St. Clair and lake Huron. In addition to that, any such proposed service as that which I have in mind would be limited to the summer months, possibly from the middle of May until the end of September. The third limitation that I have in mind is this. The resolution does not contemplate one aspect of coastguard service, namely the law-enforcement provisions dealing with customs and excise. The resolution is primarily aimed at first of all, search and rescue activities on the great lakes; second, the prevention of accidents on the great lakes; and third, increased navigation aids.

First of all I think we should look at the present facilities available. First I shall deal with search and rescue. As the minister pointed out on a previous occasion as recorded in *Hansard* of Thursday, July 21, 1955, at page 6528, there are certain other branches of government dealing with coastguard service such as the Royal Canadian Air Force, Royal Canadian Mounted Police, and so on. The Royal Canadian Air Force base at Trenton, Ontario, does carry out a search and rescue operation on the great lakes. The Ontario provincial police, under certain conditions, if requested by the municipalities, carry out certain limited beach patrols. The municipalities themselves have lifeguard service on beaches to prevent drowning accidents, or to try to do so, anyway. The Royal Canadian Mounted Police have five patrol boats on the great lakes, at Windsor, Sarnia, Toronto and Kingston. I believe they also have one at Sault Ste. Marie, but that is outside the scope that is contemplated in this resolution.

In addition, the United States coastguard will come in and assist if a request is made by the Canadian government. The Royal Canadian Navy have on the great lakes certain craft which assist in rescue work if necessary. There are also some fine volunteer services. For instance, I understand that under the auspices of the Port Credit yacht club last summer an organization called the lake Ontario search and rescue organization was set up which deals with the area, I believe, from Oshawa to the United States border. It is purely a volunteer service, but I understand it is intended to carry out the necessary service there.

Mr. Marler: Would the hon. member permit a question?

Mr. Nesbitt: Yes.

Mr. Marler: Why does he say that Sault Ste. Marie is outside the scope of the resolution?

Mr. Nesbitt: Mr. Speaker, I believe the minister possibly was not in his seat when I commenced my remarks and said that I was limiting this resolution to the lower great lakes, namely lake Ontario, lake Huron, lake Erie and lake St. Clair.

As I have pointed out, there are these various services on the lakes at the present time. I understand that they are competent, and so far their activities have been very good. Co-operation by the United States coast guard has been good and has been a help on certain occasions. Then, Mr. Speaker, I suppose the obvious question arises, what is the criticism of these facilities if they are there? Why propose this motion?

Well, first of all, the main objection is that under present conditions on the lakes the present search and rescue facilities are absolutely inadequate. Second, the facilities there completely lack any co-ordination. In this respect I should like to refer to one or two newspaper clippings. I might say that co-ordination is very important in rescue work, particularly when a life is involved, such as a drowning accident or people being left out on the lake all night. The question of co-ordination and timing is an essential element, and that is what seems to be lacking. I refer to a clipping from the London *Free Press*, dated July 25, 1955, entitled, "Patrol Service Need Cited Following Search at 'Port' ". The editorial says:

> Garnet Speers, local marine man, stated there was much need for co-ordinated safety measures.

This appeared following an accident, and it continues:

> Mr. Speers stated this morning that successful lake searches depend on the prompt receipt of reports and as accurate as possible bearings taken from shore. "There is a lot of lake out there", he explained. Because of the lack of a Canadian coastguard service, the more experienced yachtsmen are alert to the need for fast patrol and search service.

Then I should like to refer very briefly to an editorial in a very large weekly, the Tillsonburg *News*, dated July 28, 1955. I believe the Tillsonburg *News* is one of the largest weeklies in the province of Ontario. It reads as follows:

> From the large number of small boat accidents on the great lakes and the number of lives lost, and in many cases the delay in organization of adequate search or rescue efforts, it would appear that the present government agencies are far from adequate in providing the necessary help, and that steps are necessary to provide a more closely knit and readily available service.
>
> With due regard for the effectiveness of the R.C.A.F. communication and rescue fleet at Trenton, which Mr. Marler pointed out had the responsibility of co-ordinating the search and rescue activities of not only government ships but also other ships on the great lakes, we suggest that it is not in much of a position to save a boatload of persons swamped off Port Burwell or in Long Point bay.

The third aspect of criticism of the present facilities is that municipalities and provincial authorities can extend their activity only so far into the water because of the international aspect of the great lakes.

The fourth criticism of the present facilities is that there is no co-ordinating service. There is no one to prevent small craft going out in bad weather, and there is no one to regulate the use of these craft. There are some young people who like to run up and down amongst the bathers in speed boats and engage in other smart-aleck activities. Then, too, the present services lack organization. I am thinking of an event that occurred near Sarnia, when some people were reported missing. After a day or so they were located quite safe in a harbour. I understand that the estimated cost of this particular rescue work, if it could be called such, was between $40,000 and $50,000. If there had been some form of co-ordinating coastguard service, these people would have been located a lot sooner. My contention is that there is an absolute necessity at the present time for an increased coastguard service on the great lakes which contemplates the things I pointed out at the beginning of my remarks.

I have here a great many newspaper clippings, but I do not intend to take up the time of the house by reading them. I believe all hon. members who live in southern Ontario are quite aware of the number of drowning and boating accidents that take place on the great lakes during the summertime. I do not think a day goes by when there is not an accident or a drowning, and often there are many in one day. However, I should like to read one or two clippings just to illustrate to hon. members from other parts of the country that this is not something I am pulling out of a hat, so to speak.

I refer to a clipping from the *Sentinel-Review* of Woodstock, Ontario, dated August 10, 1955. The heading is, "Undertow Draws Seven to Death", and that happened at Wasaga Beach. Then there is another clipping from the *Sentinel-Review* of Wednesday, September 21, and the heading is, "Three Oxford Centre Men Missing on Lake Erie Fishing Expedition". There is a heading in the Toronto *Telegram* of August 30, 1955, "Lashed By Storm Fourteen Hours, Two Anglers Saved On Lake". Then there is some editorial comment on this matter, and I refer to the *Globe and Mail* of Toronto, July 25, 1955. The heading of the editorial is, "Lake Coastguards Needed". This editorial comments on the many unseasoned operators of power boats. It says:

> Too many unseasoned operators of power boats do not know that hand-propelled and sailing craft have protective right of way which all powered boats must respect. And many owners of speed

boats who do know the rules still make a sport of giving canoes, skiffs and small sailboats a mighty wash from their wakes.

The lower lakes, including Georgian bay, require patrols, partly to enforce the law, but also to engage in rescue work when accidents beset any water craft. Safety on our waterways is just as important as on our highways.

I could read many more newspaper clippings, but I believe many hon. members will recall the more shocking accidents. I think the summer before last there was an accident in lake Ontario off Oakville in which nine sea scouts were drowned. They went out in a boat, and there was no one to warn them that bad weather was likely to set in within a short time.

It is very difficult to get any figures, Mr. Speaker, with regard to the number of accidents and the number of drownings on the great lakes. I have made efforts to do this, but I have not been successful because apparently no record is kept. I repeat that all hon. members who live in the southern part of Ontario know quite well that all you have to do is pick up the newspaper any day during the summer months or early fall, and you will see the results of the lack of a coastguard service.

Now, why has this need arisen, as it has, largely since the end of world war II? I believe all hon. members know there has been a great increase in the population of southern Ontario, just as there has been an increase in the population in the other parts of the country. The second reason, and I think the main reason, is the great increase in real wages and the increase in leisure time. This increase in leisure time is not confined entirely to city people. Those people who live in rural areas, as a result of the increased use of farm machinery also have a little more time on their hands than they had 50 years ago. As a result, there has been a great increase in boats of all types on the great lakes.

Fortunately I have been able to obtain some figures to illustrate this. As hon. members may know, all motors of 10 horsepower and over have to be registered. There is no fee for this registration. Apparently it is merely a case of registering for record purposes. It is very difficult to draw too many conclusions from the figures, and I am giving them only to show the increase in the number of small boats in the southern part of Ontario.

In 1950 the number of 10 horsepower on our motors in Ontario was 21,220. Five years later, in 1955, the number was 54,145. In 1955 alone the number increased by 15,483. This does not include a great number of boats which are powered by motors of less than 10 horsepower. It does not include rowboats, or anything of that nature. The only thing these figures can show is the tremendous increase in boating activity on the lower great lakes.

I discussed the matter with a number of people who have boats at Long Point bay on lake Erie. Estimates have been made that there are well over 1,000 boats of more than 10 horsepower there alone, and the figure is nearer 1,500. There are a great many, of course, with motors under 10 horsepower. It is very difficult to locate where all the boats are. A 10 horsepower motor can be registered at any customs office, and you also find all sorts of inland places which technically have boats registered there. It is extremely difficult to know at what port and on what lakes they are used.

I think it is apparent, however, that there has been a vast increase in the number of small boats in use today. Not only that, but there has been an increase in activities on the lakes. We have many picnic groups from factories, service clubs and other organizations which go to the great lakes, rent or charter boats and go fishing. Often these boats are very old, and when the motors break down these parties are left out on the lakes. It happens time after time.

While the owners and operators of commercial launches and fishing boats are no doubt quite experienced people, the ordinary small boat owner is very inexperienced at navigation. They frequently go out on the lakes and a storm comes up. They get lost or swamped and they really do not know what to do. This is the cause of many accidents. In this regard I would point out that many small boat owners who wish to take their boats out from ports on lakes Erie and Huron find there is no place where they can get proper information regarding the impending weather. Believe me, this is extremely necessary on the lower great lakes, because the local weather picture can change in an hour or so; it can change just as quickly as that. I would also point out that there is no one at any of these ports or places where boats are located to prevent boats going out, or to regulate traffic.

At the present time there is a rescue service, as I pointed out at the beginning of my remarks. This is composed of a combination of the R.C.M.P., the R.C.A.F. and others; but it seems to me that the search and rescue service, as it is called, does only one thing. It searches for dead bodies after people have been drowned, and I think we require a much more useful service, Mr. Speaker.

I have a few suggestions to make concerning the type of coastguard service I hope the

minister will consider. I might also point out that I do not think it will cost too much money because like other hon. members, and particularly the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) who is always talking about economy, I do not believe in wasting money or throwing it around where it is not necessary.

I am not suggesting that we have an elaborate coastguard service such as they have in the United States. I do not believe it is warranted under the circumstances, and I think it would be difficult to maintain. I agree with the minister in that respect.

The first thing I would like to suggest is how we might go about financing a service such as I envisage without having it cost too much money. All the boats with motors of 10 horsepower or more which operate on the great lakes at the present time are required to get a licence. It is a strange thing to observe that the owners can be fined $100 for not having a licence, but the licence does not actually cost anything. That seems rather peculiar to me. It is like something out of Alice in Wonderland.

I suggest that the people who have boats on the great lakes would not object to paying a small licence fee of $5 or $10, depending on the horsepower of the motor, if they were to have a coastguard service of some kind, a rescue service and navigation aids, and so on. I have spoken to many people who have boats, and all of them have said they would be delighted to pay a small fee if they could obtain some kind of service. This would not defray the entire cost of operating such a service, but it would go a long way toward defraying the cost of a coastguard service. It is only fair that the people who own boats should not bear the whole cost of a coastguard service, because many people who would benefit do not own boats but go to the lakes to fish, swim, or go on excursions on holidays or week ends, and the general public should pay something toward the cost.

The third suggestion I would make is that coastguard officers be placed at appropriate spots along the shores of lakes Ontario, Erie, Huron and St. Clair. As I pointed out this job would be seasonal, from the middle of May to end of September. These officers could be university students. This would provide helpful employment for students who are looking for summer work. Many university students have to take work at very small wages during the summer at summer hotels and elsewhere, and usually they must work indoors. This service would provide healthful outdoor work for university students and would fit right into their program from the point of view of time.

If appointed, these officers could perform the following duties. They could be provided with meteorological reports which they could post every day. They could give the necessary information regarding weather forecasts for the succeeding 12 or 24 hours. They could post these notices on piers and beaches and in places where there are boats. Storm warnings could be given by these officers in order to warn people not to go out on the water. They could use the black cones which are usually used along the Atlantic and Pacific coasts.

I would also suggest that the coastguard officers should be trained in life saving and artificial respiration. The new Swedish method developed by Colonel Nealson, a Swedish gentleman, which has recently come into vogue, could be taught to them. They should be provided with life-saving devices, oxygen, artificial respiration aids, and a first aid course.

They should have the power to prohibit boats going out if a storm is pending, and they should also be empowered to regulate traffic. The United States coastguard has this authority. If an officer is aware that a storm might blow up in an hour or so he could prohibit boats going out, and suitable penalties could be levied if his warning were disregarded. The officer could also control smart alecks in boats who try to swamp other boats just to give them a thrill. I am sure that any hon. member who has been on the lakes in the summertime has seen people doing this dangerous thing. The main work of these coastguard officers, if I might suggest a name for them, would be to co-ordinate rescue services and activities. The main trouble at the present time is that there is not sufficient co-ordination among the various forms of rescue work presently on the lakes.

I would like at this point to refer to some remarks made by the Minister of Transport. In reply to a question I asked on June 21, 1955, the minister said, as reported at page 6528 of *Hansard*, and I shall quote directly from *Hansard*:

> But how does the information get to the R.C.A.F. and under whose authority do they go to these cases?
>
> Mr. Marler: I think it is because somebody communicates with them in some way or other, by radio, by telephone, by telegram or something.

To my mind that is the greatest argument for having some co-ordinated service. If coastguard officers were located at appropriate places along the shore to do nothing else for a few months in the summer but be there and have it known to the local authorities that they were there, if they issued certain instructions as to whom to get in

touch with they would be performing a valuable service. The time element is most important when people are upset in the water or lost out on the lake, and this business of calling the R.C.A.F. in Trenton the next day to go out and help find the bodies is not of much help to the relatives of those who have been drowned.

Mr. Langlois (Gaspe): The hon. member has mentioned that these students should be posted along the coast as a coastguard service during the summer months, but I should like to know his estimate of the number of officers that would be required to cover this stretch of coast.

Mr. Nesbitt: I have travelled along a considerable portion of the shores of the great lakes, but I am not familiar with every single mile. All the resolution asks the government to do is take into consideration the advisability of bringing down legislation. I am sure there are plenty of people in the Department of Transport who could take two or three days off and figure this out. I have not had the opportunity of travelling up and down and around the lakes.

The next thing I should like to deal with is the type of service that might be provided. If we are going to have coastguard officers along the coast to act as co-ordinators it might be advisable to have boats available to do rescue work if necessary. These officers would co-ordinate the work of the R.C.A.F., the R.C.M.P. and the provincial police, but I think where necessary—this decision would have to be made by the Department of Transport—there should be duty boats which could go out if necessary.

These duty boats could be located where there were the greatest concentrations of small craft during the summer. I am not suggesting for one minute that the department should buy a number of yachts or patrol boats, but I am suggesting that the department might hire boats to be used as duty boats in places such as Toronto, Oakville and Hamilton on lake Ontario, and Port Colborne, Port Dover, Port Stanley, Port Burwell on lake Erie, and so on.

It might be possible to hire fishing boats during the summer months when the catches are not so large. Many fishermen would be glad to have jobs operating duty boats. Fishing boats would be the best because their crews would be highly experienced, many of them are equipped with ship to shore radio, and are quite speedy. Then there are many persons owning large launches and I am sure these could be obtained on a contract basis to be operated as duty boats. It should not cost too much money.

[Mr. Nesbitt.]

In certain congested areas such as the Toronto area and possibly the Long Point area it might be necessary to have a constant patrol during the summer months. Again this is something the department would have to decide. I merely throw it out as a suggestion that it might be advisable to cover the congested areas where people are running around upsetting small boats and that kind of thing.

There is another important thing to be considered. I think the department should lay down rules requiring all small boats to be equipped with flares or smoke bombs, and also with life jackets. It would be up to the local officers to see that these rules were enforced. In other words, no boat would be permitted to go out on the lakes without a certain number of life preservers and flares or smoke bombs. If they happened to get into trouble they could send up signals.

I would like to make my remarks a bit longer, but because of the shortness of time and because other hon. members would like to speak, I shall not elaborate further. Both the minister and his parliamentary assistant come from a province which is not associated in any way with the great lakes, and they may not have the same sympathy as those who come from southern Ontario and who are more immediately concerned with this matter. I feel that all hon. members, who come from southern Ontario, regardless of party, should support this resolution. I know perfectly well that it will not get to a vote tonight, but whether or not they support it in the house they should support it privately. It is merely a question of having the Department of Transport look into the advisability of bringing down legislation in this regard. This evening I have simply passed out a few suggestions as to what I consider would be necessary, and even these would probably require some modification.

Mr. F. G. Robertson (Northumberland): Mr. Speaker, Northumberland county which I have the honour to represent lies on the north shore of lake Ontario and for that reason I have a particular interest in the resolution proposed by the hon. member for Oxford, which is as follows:

> That, in the opinion of this house, the government should consider the advisability of introducing legislation to provide for the establishment of a coastguard service on the great lakes of Canada.

At first glance this appeared to me to be a worthy objective, but tonight when I heard the hon. member put his reservations on the record I realized that he had cut his own resolution to pieces and it had therefore lost much of its effectiveness. The hon. member's first reservation was that he would confine

this to the lower great lakes and to the summer months. Then there is to be nothing in the way of law enforcement or customs collections. When I read this resolution on the order paper I thought the hon. member had in mind patterning the Canadian coastguard service on that of the United States.

We all know that the United States coastguard service has an enviable reputation and is noted for its efficiency and on many occasions for its heroism. We do not have a unified service in Canada, but the various agencies of government are organized to perform much the same duties as those performed by the United States coastguard. It is my submission that what is being done in Canada does not suffer from comparison with what is being done by the United States coastguard service.

The agencies of government which are concerned in Canada are mainly the Department of National Defence, the Department of Transport and the Royal Canadian Mounted Police. The hon. member has referred to the lack of co-ordination in the Canadian system, but I submit that there is considerable evidence of co-ordination in our system. I should like to refer to what the Royal Canadian Air Force is doing in this regard, and I quote from an air force release No. 8620 dealing with search and rescue in Canada, as follows:

> From British Columbia to Newfoundland, from the 49th parallel to Canada's Arctic archipelago, men and women of the R.C.A.F.'s search and rescue organization stand ready to answer the call of distress.

And again:

> The R.C.A.F. is charged with the co-ordination and supervision of all search and rescue activity in Canada, and with the provision of all primary search and rescue facilities. This includes responsibility for search and rescue operations involving aircraft in distress, marine distress cases on the east and west coasts of Canada and portions of the great lakes, and, as a secondary role, provision of aid in any necessary circumstances. . . .
>
> Control is carried out from six major co-ordination centres at Torbay, Newfoundland, Halifax, Trenton (Ont.), Winnipeg, Edmonton and Vancouver. Aircraft earmarked for mercy flights or search operations are stationed at Torbay, Newfoundland; Greenwood, N.S.; Goose Bay, Labrador; Trenton; Winnipeg; Churchill, Man.; Edmonton; Whitehorse, Y.T., and Vancouver, and although planes at these points held for specific search and rescue work are allowed to carry out other duties, they are never allowed to undertake jobs which would prevent them from being instantly ready for their primary responsibility.
>
> The list of primary facilities of the air force for search and rescue work also includes helicopters, and a group of specially trained airmen who have been given an intensive course in para-rescue work near Jasper, Alberta.

Mr. Nesbitt: May I ask the hon. member a question? The hon. member is giving some excellent figures, and I am sure we are very glad to have them, but I do not see that they have any application to the great lakes.

Mr. Robertson: My hon. friend will probably agree that I am keeping more to the subject matter of this resolution than he did himself.

Some hon. Members: Oh.

Mr. Robertson: I continue to quote, Mr. Speaker:

> Nerve centres of the work are the major rescue co-ordination centres, for from them are directed all operations by search and rescue. Ready for instant use are lists of all service facilities ready to be called upon, including navy carrier planes in addition to R.C.A.F. aircraft, bodies of men for search parties, and vessels, as well as outstanding civilian facilities, such as charter companies, tugboats and the like.

At Trenton, Ontario, which is very close to my own county of Northumberland, there is the No. 102 communications and rescue flight. This unit is responsible for the co-ordination of all search and rescue work on the great lakes and for moving not only government ships but privately owned ships in case of accidents. I know that the services of helicopters are being used more and more in the search and rescue work, and I believe that the Department of Transport has under consideration the further use of helicopters in this connection.

The Royal Canadian Navy is also playing an important part in search and rescue work. It has numerous escort and patrol ships which can perform the same type of service. The Department of Transport itself carries out very important functions, such as putting down aids to navigation, marking channels, carrying supplies, icebreaking, and also furnishing very valuable weather forecasts from seven departmental stations. These weather forecasts are given three or four times each day.

The R.C.M.P. also operates patrol boats on the great lakes. I know that on lake Ontario there are two patrol boats operating. The first of these is stationed at Kingston, the *Cutknife II*. In Toronto another patrol boat is also operating. These R.C.M.P. patrol boats perform a number of coastguard services such as assisting ships in distress, investigating drownings, patrolling the waters when regattas are being held, assisting other police forces, including the United States coastguard service, and performing a check of pleasure boats on behalf of the customs department. It is therefore evident that we have an effective service already in existence in this country.

The hon. member talked a great deal about providing some protection for small pleasure boats on the great lakes. He evidently has in mind a method of policing small boats operated by tourists in the many resorts on the great lakes, but I think he will agree

that the number of resorts where there is a concentration of tourist boats is so large that the government could not hope to provide boats at each of these places. I think it is also obvious that if we had a coastguard service on the great lakes, it would only be by the merest chance that one of these boats would be in a position to render assistance in the case of sudden upset or other dangers in which owners of small pleasure craft might find themselves.

I do not believe that by the methods he has suggested we could deal effectively with the small boat problem, which is the most frequent source of marine accidents. The United States still has many such accidents, although it has a very efficient coastguard service. The hon. member presented no statistics to prove that we have more such accidents than the United States. I think this house should have such evidence before making any decision on this matter.

In my opinion we can better deal with this situation by the following methods. The first is the education of the small boat owners. We should teach them safety measures. I draw your attention, Mr. Speaker, to a publication produced by the Department of Transport entitled, "Safety Afloat for Owners of Small Boats". This is a very fine publication dealing with the prevention of accidents in the small boat field in this country. On the first page of this publication I find the following:

> The great majority of these accidents can be prevented.
>
> This booklet has been prepared with that purpose in mind, to help spread the information that can drastically cut the needless toll in property damage and human suffering, and make for safety afloat for yourself, your family and others.

As I go through this publication I find that there is information regarding life-saving equipment, methods of fire prevention, and also information as to the dangers of overloading these small craft. There is also a very interesting section dealing with the rules of the road, and this gives very important information as to what the owners of these boats should do and what they should not do. I believe if the owners of small boats in Canada would read and follow the advice given in this publication, a great many of these accidents could be avoided.

A second method would be the regulation of the small boat operators themselves, and we do this through a licensing system. I find that, by law, boats fitted temporarily or permanently with motors of 10 horsepower or more are required to be licensed. Such licenses are obtainable free of charge from all customs officers in Canada, and the R.C.M.P. enforces the small vessel licensing regulations. Through a system of licensing and inspection we are able to make sure that the boats themselves are in a good state of repair.

A third method, I think, to prevent the loss of life would be by seeking the co-operation of local organizations, who would play their part in seeing that proper safety precautions were taken. I think the various tourist associations and the yacht clubs at various points on the great lakes could make a splendid contribution in this regard.

I would also draw your attention, Mr. Speaker, to the work done by the committee set up by the government in 1949 under the chairmanship of Mr. Justice Clyne, who at that time was chairman of the Canadian maritime commission. The committee was set up by the government to, first, review the existing arrangements for search and rescue work in Canada and, second, make recommendations for improved and more efficient service. The committee reported that while on occasion valuable assistance had been rendered by the United States coastguard service to Canadian ships in Canadian waters, there was no evidence that a large number of casualties in Canadian waters had been prevented by the United States coastguard. Further, it was pointed out that United States ships had been assisted on many occasions by our own Canadian ships.

The committee reported that valuable work had been carried out by the R.C.A.F. search and rescue co-ordinating centres, and praised the work of those centres in detail. The committee recommended that co-ordinating centres be kept informed of the position and movement of all ships, and should be informed of any casualties. It also recommended that we should take the necessary action to ensure safety of life and, if possible, the prevention of damage or loss of any ship and its cargo. There was no recommendation by the committee for the establishment of a coastguard.

The report on marine casualties in the period between April 1946, and 1949 found that in the great majority of these accidents satisfactory assistance had been rendered by government-owned ships, by subsidized companies and by privately-owned ships in the vicinity. In those cases where loss of life had occurred it appeared that the majority of such losses could hardly have been avoided no matter how elaborate a system of search and rescue might have been available on the great lakes at that time.

At the outset of his speech the hon. member for Oxford referred to the cost of such an operation. He quoted the words of the minister in the debate last session to the effect that the establishment of a proper coastguard

system would cost some $9 million to $12 million, and the maintenance of such a system would cost $3 million per year. This is a large sum of money; and while the hon. member did say that we should confine our efforts to the great lakes I submit that if we are going to set up a proper coastguard system it should extend to all the great lakes and to both the east and west coasts.

While the spending of this amount of money might seem to be justified to some, nevertheless I can think of other dangerous situations in this country where people are regularly losing their lives. If we have any such amount of money to spend I believe we could very well spend it on increasing the railway grade crossing fund, and thus eliminate many of the very dangerous crossings in this country.

I suggest it is not practical to organize a coastguard system on a national basis as outlined by the hon. member for Oxford tonight. The administrative costs would be far too high and out of all proportion to the service obtained. I believe such a system could be organized on a local basis, and I think the responsibility for so organizing rests on the local people in each community. Furthermore, Mr. Speaker, to the best of my knowledge there has been no request from the commercial shipping interests that such a coastguard service should be established. I think that is very strong evidence that the need for such an organization has not been fully proven by the hon. member for Oxford.

I indicated at the beginning of my remarks that I come from a riding located on lake Ontario. I can honestly say that I have had no suggestions from individuals, organizations or public bodies that a need for a coastguard service exists at the present time. If the need is not apparent in the area in which I live I cannot believe that it is as great as outlined by the hon. member for Oxford in other areas on the great lakes.

There is also the fact that a very large percentage of these accidents take place on the smaller inland lakes of Ontario. Surely the hon. member would not suggest that the federal government should set up an organization on these inland lakes. Finally, I would say that the functions which would be carried out by such a coastguard organization are now carried out efficiently and satisfactorily, and that the expense of setting up such an organization as that envisaged by the hon. member for Oxford would not be warranted or justified at the present time.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, in rising to join briefly in the discussion of the resolution introduced by the hon. member for Oxford proposing the establishment of a coastguard service on the great lakes, I want to say at the outset that I find myself very much in sympathy with the objective he has in mind. Some hon. members may recall that during the debate on the speech from the throne earlier this session I had occasion to refer to this subject matter as it affects the coastal areas of British Columbia. My remarks were made on Friday, January 13, and can be found at page 108 of *Hansard*. Inasmuch as I used my 40 minutes on that occasion in discussing the subject, I do not intend to repeat now the arguments I used then.

In view of the fact that I come from a constituency in the coastal area of British Columbia I am sure the hon. member for Oxford will appreciate that my interest in this subject extends somewhat beyond the immediate scope of his resolution, and perhaps he may not be surprised if I propose before I take my seat that the resolution should be broadened somewhat. Of course I am not in a position to analyse in any detail the pros and cons of the discussion that took place between the hon. member for Oxford and the hon. member for Northumberland, but I must say that as I listened to the communique, shall I say, that the hon. member for Northumberland read—

Mr. Hosking: He did not read it.

Mr. Barnett: —I found that it had a very familiar ring.

Mr. Hosking: Look at his notes and you will see he did not read it.

Mr. Barnett: It was very close to some of the descriptions I have heard of the functioning of the search and rescue unit and its coordinated service as applied to the Pacific coast of British Columbia. If my own analysis and comparison of the effectiveness of what we have in British Columbia is paralleled by the situation on the great lakes, then I can say that I think the hon. member for Oxford has real grounds for bringing forward this resolution respecting the area which is his particular concern. While, as I stated when I spoke earlier, I recognize some of the value of the search and rescue set-up under the R.C.A.F., I also recognize there is a great deal to be desired before we can have what I consider to be a proper marine rescue service in this country.

I was interested to note the reference made by the hon. member for Northumberland to that publication of the Department of Transport entitled "Safety Afloat". Even assuming that the government is not convinced at once of the advisability of taking certain action, I think perhaps one of the immediate values

of this discussion is that it may serve to draw to the attention of a larger number of Canadians the unnecessary hazards to which they subject themselves when they go afloat. I have looked over that particular publication and I must say that I agree with the hon. member for Northumberland about it. I can only wish that it were receiving much more widespread attention than it has hitherto received and that the government, apart from any other consideration, were taking greater pains to ensure that all of those who are concerned were aware of it and were aware of the dangers to which attention is drawn. I certainly agree that much can be accomplished in reducing the hazards of sailing, either on the great lakes or on the sea coasts, by the proper type of educational program in this connection.

I must say that I was pleased to note last autumn that some modest step is being taken to draw to the attention of people the dangers of travelling by boat and that, among other things, steps are being taken to bring up to date the enforcement of the safety regulations with regard to the larger boats which come under licence classifications.

As I said, Mr. Speaker, if this matter is going to receive from the government consideration along the lines I argued earlier this session and along the lines that were argued by the hon. member for Oxford, I feel that anything that is done should be on a national basis. I hardly think we can expect our federal government to take under consideration a plan which is not drawn up along those lines. I should therefore like to move, seconded by the hon. member for Nanaimo (Mr. Cameron):

That the resolution be amended by inserting therein immediately after the words "great lakes" the words "and coastal waters".

I feel that this amendment does not in any way detract from the argument which has been presented to the house by the hon. member for Oxford, and in which he outlined the needs of his particular area. However, I feel that it may serve to bring into focus this problem of improved marine rescue service as a national problem which affects the people on the great lakes, the people on the coast of British Columbia and undoubtedly the people on the coasts of the Atlantic provinces of Canada.

This is a matter on which I have been frank to say that some things have been done, but to my mind not enough has yet been done. While the vote that is brought down by the Minister of National Defence in this connection for the work done under the R.C.A.F. is all well and good, it still does not bring the problem of marine rescue down to the level of the waves. I feel that the hon. member for Oxford had a legitimate argument when he said it did not create the kind of closely co-ordinated service which the people generally were aware of, and of which they knew how to take immediate advantage under the emergency situations that from time to time arise as far as our sea coasts or our great inland water areas are concerned.

The Acting Speaker (Mr. Applewhaite): It has been moved by the hon. member for Comox-Alberni (Mr. Barnett), seconded by the hon. member for Nanaimo (Mr. Cameron):

That the resolution be amended by inserting therein immediately after the words "great lakes" the words "and coastal waters".

It is my opinion that this amendment is definitely out of order without 48 hours' notice. The appropriate citation reads as follows:

315. A modification of a notice of motion standing upon the notice paper is permitted, if the amended notice does not exceed the scope of the original notice.

But—and the word "but" is mine—:

A new notice must be given in the *Votes and Proceedings*, under standing order 45 when a material change is to be made to a notice of motion before it is taken up by the house.

It is my opinion that this amendment extending a resolution which applies to certain inland waters in order to make it apply to the waters of both the Pacific ocean and the Atlantic ocean is of a nature which would require 48 hours' notice, and therefore is not in order, under standing order 41.

Mr. A. E. Robinson (Bruce): At this late hour, Mr. Speaker, I shall cut down my remarks considerably. In taking part in this debate on the resolution moved by the hon. member for Oxford I should like to say that I believe he deserves a great deal of credit for bringing this matter to the attention of the government. After the experience he had in the navy during the last war I am sure he is quite competent to advance, as he has done, a great number of reasons why this coastguard service is a worthy project.

I should like to say that I am interested in this matter because the district from which I come has approximately 300 miles of shoreline. That shoreline is all on blue water. It is extremely attractive to summer tourists. It is gradually being filled up with summer visitors from outside. As you know, many of these visitors have their yachts with them, as well as their power boats. Many of the people who live in Bruce have their boats. In addition we have great numbers of fishing vessels which are out a great part of the year. As well, a number of United States

yachts come over to visit us. I am sure these summer visitors are all welcome, and I think they enjoy themselves.

I should like to say that there is a crying need for some kind of co-ordination that has been spoken about by the hon. member for Oxford. I should also like to say that the number of these boats on lake Huron and Georgian bay is increasing each year. As the deep waterway is opened up there will be a greater need for such a coastguard service.

I would make one suggestion, and it is this. If the government see fit to inaugurate something along the lines spoken of by the hon. member for Oxford, during the peak of the summer season when the schools are closed I should hope they might see fit to train some of our sea cadets on some of those boats they will be using. It would be good training for all those boys who have the navy in view for their future life.

I should like to say that the remarks made by the hon. member for Northumberland indicated a defeatist attitude. He did not review any of the arguments made by the hon. member for Oxford, and I am sure he had a great deal of help in preparing that speech which he read off. If the government sees fit in future to take advice from the hon. member for Oxford, I hope that we in Bruce county will get some of the service that is coming to us. We have paid a great deal for service in other parts of the country, and have received none.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

RETIRED CIVIL SERVANTS' PENSIONS

Question No. 188—**Mr. Knowles:**

1. How many retired civil servants, whose pensions are less than $60 a month, are in each of the following age brackets: (a) 65 years of age or under; (b) 66-70; (c) 71-75; (d) 76-80; (e) 81-85; (f) over 85 years of age?
2. How many widows of retired civil servants, whose pensions are less than $60 a month, are in each of the following age brackets: (a) 65 years of age or under; (b) 66-70; (c) 71-75; (d) 76-80; (e) 81-85; (f) over 85 years of age?
3. How many retired civil servants, whose pensions are $60 a month or more, are in each of the following age brackets: (a) 65 years of age or under; (b) 66-70; (c) 71-75; (d) 76-80; (e) 81-85; (f) over 85 years of age?
4. How many widows of retired civil servants, whose pensions are $60 a month or more, are in each of the following age brackets; (a) 65 years of age or under; (b) 66-70; (c) 71-75; (d) 76-80; (e) 81-85; (f) over 85 years of age?

Answer by: **Mr. Harris:**

1 to 4.

	Under $60	Over $60
Annuitants by age group		
65 and under	1,000	2,284
66 to 70	1,161	3,585
71 to 75	813	2,518
76 to 80	446	1,143
81 to 85	233	371
Over 85	93	166
	3,746	10,067
Widows by age group		
65 and under	2,441	786
66 to 70	824	310
71 to 75	762	229
76 to 80	545	159
81 to 85	313	85
Over 85	218	36
	5,103	1,605

APPLE STATISTICS, NOVA SCOTIA

Question No. 217—**Mr. Purdy:**

1. Based on the yields of the last five years what is the estimated cost per bushel, including containers, of producing commercial apples in Nova Scotia and delivering same to warehouses?
2. What was the average return per bushel less federal government assistance, during the same period?
3. What was the average government assistance per bushel during this period?
4. What was the production each year of the five years under review?

Answer by: **Mr. Gardiner:**

1. No information available.

2. Total production 1950-54, 8,659,000 bushels; Total value of production 1950-54, $7,944,000; Less federal assistance, $902,000; Value less federal assistance, $7,042,000;

Average per bushel, 81 cents.

3. Total production 1950-54, 8,659,000 bushels; Total federal assistance 1950-54, $902,000.

Average per bushel, 10 cents.

4. Production:	(000 bus.)
1950	2,250
1951	1,539
1952	1,626
1953	1,087
1954	2,157

N.B. Production and value figures by D.B.S.

TRANSPORT DIRECTIVES—GOODS IN BULK SHIPMENTS

Question No. 331—**Mr. Argue:**

1. What minimum quotas or ratios were established by the transport controller by order or through agreement, since August 1, 1955, for the shipment of goods in bulk?
2. How many orders or directives were issued by the transport controller since August 1, 1955, in relation to the shipment of goods in bulk by water transport?

Answer by: **Mr. Marler:**

1. None.
2. None.

BANK LOANS ON FARM-STORED WHEAT

Question No. 335—**Mr. Diefenbaker:**

1. How many loans have been made to western farmers, by provinces, since the system of guaranteeing bank loans on farm-stored wheat has been in effect?
2. What is the total amount loaned in each of the provinces to date?

Answer by: **Mr. Harris:**

1 and 2:

	Loans	Amount
British Columbia	29	$ 21,963.72
Alberta	2,203	1,767,157.56
Saskatchewan	6,609	5,216,452.93
Manitoba	451	317,839.11
Total	9,292	$7,323,413.32

As of January 31, 1956.

FEED GRAIN SHIPMENTS, QUEBEC—SUBSIDY PAYMENTS

Question No. 336—**Mr. Boisvert:**

What subsidy, during 1955, was paid to farmers of the province of Quebec, through implementation of the feed grain assistance grants?

Answer by: **Mr. Gardiner:**

Freight assistance was paid during the calendar year 1955 on shipments of western feed grain into Quebec in the amount of $7,405,908.

HOUSE OF COMMONS

Tuesday, March 27, 1956

The house met at 2.30 p.m.

RAILWAYS AND SHIPPING

Second and third reports of sessional committee on railways and shipping owned, operated and controlled by the government. —Mr. Cavers.

TRADE

INTERNATIONAL WHEAT AGREEMENT—REPORTED NECESSITY FOR CHANGE IN CANADA'S POSITION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Can the minister inform the house if the dispatch from Geneva appearing in today's press is correct when it states that the renewal of the wheat agreement depends upon a change in the position Canada has taken?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I read the report in the *Gazette*. It is not accurate. The discussions on the wheat agreement are reaching their final stage. I hope to be able to make an announcement shortly of the final decision. Mr. Sharp, my deputy minister, arrived home this morning and I have discussed the situation with him. I do not know that I can say more than that no decision has been reached as yet by the assembly.

Mr. H. R. Argue (Assiniboia): Well, Mr. Speaker, do I take it then that the report is incorrect that Canada is holding out for a ceiling of $2.05 per bushel?

Mr. Howe (Port Arthur): The report is incorrect to that extent, and the report is incorrect in other directions as well. I cannot say more than that we hope to have a decision by the time the house reassembles after the Easter holidays.

LABOUR CONDITIONS

INDIANS AND ESKIMOS—CONDITIONS OF EMPLOYMENT ON D.E.W. LINE

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I should like to answer the question asked last Friday by the hon. member for Hamilton West (Mrs. Fairclough) with regard to the employment of Indians and Eskimos on the D.E.W. line.

The arrangements made between the government of Canada and the government of the United States provide that construction contractors will be required to give preference to Canadian labour and that the rates of pay and working conditions will be set, after consultation with the Canadian Department of Labour, in accordance with the Canadian Fair Wages and Hours of Labour Act. This applies to all Canadians employed including Indians and Eskimos.

Contractors are supplied by the Department of Labour with schedules establishing classifications of labour, hours of work and rates of pay for all Canadian workers employed.

Liaison between the Department of Labour and D.E.W. line contractors is maintained through a senior officer of my department at Ottawa, and all relations between the contractors and employees with respect to the observance of wage rates and hours of labour are under continual supervision by two northern service officers of the Department of Northern Affairs and National Resources.

These arrangements will also apply to the contract for the maintenance and operation of the D.E.W. line.

UNEMPLOYMENT INSURANCE

D.E.W. LINE—APPLICATION OF ACT TO EMPLOYEES

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, with respect to unemployment insurance, I should like to answer the questions addressed to the Prime Minister by the hon. member for Comox-Alberni and the hon. member for Rosetown-Biggar as to how unemployment insurance applies to D.E.W. line workers.

Both United States contractors and Canadian contractors engaged in the construction or maintenance of the D.E.W. line and similar projects must comply with the provisions of the Unemployment Insurance Act of Canada. Most of the employees who have been engaged on the construction are Canadians.

The Unemployment Insurance Act requires the contractors, whether American or Canadian, to insure their Canadian civilian employees unless they are excluded by some provision of the act such as the wage ceiling.

This excludes salaried employees earning in excess of $4,800 a year. However, persons paid by the hour, by the day or at piece rates are insurable regardless of the amount of earnings.

Most of the Canadian civilian employees engaged on these projects have been brought from populated areas and the regulations provide that such persons, if normally engaged in insurable employment, continue to be insured even when transferred to remote locations in northern Canada. However, persons locally employed, if the employment is north of the 55th parallel of latitude where there are only two or three isolated industrial pockets, and if they do not ordinarily work in insurable employment but depend for their livelihood on non-insurable occupations, such as hunting and fishing, are not insurable when employed on a temporary basis on construction projects of this nature. There is only employment for a very small number of such persons, and the great bulk of the Canadian employees are insured by their employers.

All workers are covered for workmen's compensation.

INQUIRY AS TO PROVISIONS FOR PERSONS DENIED BENEFITS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. I wonder if the minister would be able to bring down tomorrow, so we may have it before we rise for Easter, the answer to the question I asked him on February 15, as reported on page 1196 of *Hansard,* having to do with persons who were refused unemployment insurance benefits under section 45 (2) of the act but who may have had their benefits restored under the reinterpretation of section 119 (b) of the Unemployment Insurance Act.

Mr. Gregg: I will look at the question and give my hon. friend a report on it tomorrow.

GRAIN

INQUIRY AS TO PROGRESS MADE IN INCREASING QUOTAS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the right hon. Minister of Trade and Commerce. Can the minister say what progress is being made in increasing the grain quotas in western Canada, and whether the 1 bushel quota may be increased before seeding commences?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I have a statement as of March 21. It shows 340 stations on a 4 bushel per specified acre quota; 570 stations on a 3 bushel per specified acre quota; 812 stations on a 2 bushel per specified acre quota; and 343 stations on a 1 bushel per specified acre quota. So far as grades will permit—and my hon. friend will realize that it is essential to get forward the grades that are required—the effort is always to raise the stations with the lowest quota.

Mr. Argue: I wonder whether the minister could say whether the board has experienced any difficulty in obtaining box cars for its present commitments?

Mr. Howe (Port Arthur): Mr. Speaker, so many people have been making statements on box cars that I hesitate to raise my voice, so I think I shall not answer.

Mr. E. G. McCullough (Moose Mountain): I should like to ask the Minister of Trade and Commerce if there is any significance to the press report that special quotas will be given to farmers who are in the flooded areas, in order that they might get out some of their grain?

Mr. Howe (Port Arthur): The situation is being watched carefully. Arrangements have been made so that, if there is evidence that flooding will take place, the grain will be moved out quickly.

AWARDS AND DECORATIONS

SUGGESTED CHANGE IN PROCEDURE TO AVOID CONTROVERSY

On the orders of the day:

Mr. John Pallett (Peel): I should like to direct a question to the Secretary of State. Are any steps being taken to change the procedure in awarding decorations so that similar controversies to that which has arisen around the recent award of the George medal will not recur?

Hon. Roch Pinard (Secretary of State): I do not think that any change as suggested by the hon. member would necessarily prevent controversy.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, March 23, consideration of the motion of Hon. W. E. Harris (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, and the amendment to the amendment of Mr. Coldwell.

Mr. Claude Ellis (Regina City): Mr. Speaker, the budget brought down by the Minister of

Finance on March 20 has received throughout the country the very cool reception which it deserves. It is generally accepted by the public that this is a stand-pat budget, with the obvious intention that next year tax concessions that should have been made this year will be advanced as bait before the next general election.

That such a vitally important matter as the budget of this country should depend in such large measure on the political whims of the Liberal party is a source of deep regret. I feel that this time next year, when the pre-election budget is brought down, the public of Canada will recognize the stratagem in deferring tax relief which we had every reason to expect should have been made this year. Then everything will be placed in its proper prospective.

I feel that there is a tendency on the part of the press and the general public to view the budget primarily in terms of adjustments made in the level of taxation. Important as that aspect may be, I think we have to recognize that the budget is the chief instrument of government policy in dealing with the pressing problems facing the country at the present time; and the worth of this budget will depend upon the ability of the government to come to grips with the problems presently facing the Canadian people.

I insist that the problems which faced parliament last year are still with us. To some extent these problems have been aggravated. One need only look at the very large segment of our population that is engaged in agriculture. We find from figures released by the dominion bureau of statistics that net farm income, which stood at $1,127 million in 1951, has declined precipitously each succeeding year and that in the last year for which full figures are available, net farm income in the prairie provinces had dropped to some $376 million. That is a decline of over 67 per cent. At the same time costs of production have increased nearly fourfold. Therefore one can readily evaluate the situation confronting agriculture in this country and can determine whether or not the government, through the budget, is alive to the situation and prepared to undertake measures to bring about a reversal of this dangerous trend.

Then, of course, we have the question of unemployment. I suppose the government feels that there no longer is a problem in Canada because there are only a little over half a million people looking for employment, whereas last year the figure went a little higher. Hon. members will recall that when we discussed the question of unemployment last year it appeared quite obvious that the government was willing to accept as natural a very large degree of unemployment. Economists tell us that in a free labour market there will be at any given time a small group of people who are changing jobs or who, at a given time, are looking for employment. But at no time should that number exceed 2 per cent or at the most 3 per cent of the labour force, and any time unemployment figures exceed that percentage we are faced not with frictional unemployment of a regional or seasonal nature but with general unemployment.

If the government feel they can take satisfaction from the fact that this year the number of jobless rose only to 515,000, then in my opinion they are indicating a most callous disregard for this major problem. I ask all members of the house to view the budget objectively and in conjunction with any other legislation proposed by the government this year, and ask themselves whether the government is doing anything toward the solution of these two basic problems, the question of declining farm income on the one hand and widespread unemployment on the other.

It is the custom of government apologists to rationalize unemployment by suggesting that because it is regional or seasonal there is nothing that can be done about it. I question the validity of that argument. In a country such as Canada we are naturally going to be faced with the problem of regional and seasonal unemployment, and that is all the more reason the government should be taking appropriate steps to meet the situation. When we find in many parts of Canada distressed areas because of the closing down of industry, then it is the responsibility of the government to do something through a public investment program to provide alternative employment. The government cannot argue that seasonal or regional unemployment is like the weather and nothing can be done about it. Indeed, the solution of frictional unemployment in this country is of major concern to all thinking people, and it ought to be part and parcel of an over-all government policy aimed at eliminating unemployment in this country.

I think Canadians generally accept the principle that there is no reason for unemployment in the country and that full employment should be made the conscious effort of government policy. Yet what is the situation? It is far removed from the years that immediately followed world war II, when the government had enough bold plans for providing full employment, and when they had this shelf of public works that was going to be brought into being immediately unemployment became of serious consequence. We find that was just so much

window dressing, so much talk to be conveniently trotted out before a general election and immediately forgotten when the smoke of electoral battle cleared away.

We in the C.C.F. movement recognize the need for action in these fields. I want to suggest that, in looking at the budget objectively, we must consider it in relation to the economic difficulties facing the country at the present time. Then there is another aspect to which we must give careful consideration, and that is the question of our whole tax structure. It is not my intention to deal in any detail with this matter. Our leader, the hon. member for Rosetown-Biggar, dealt very ably with this matter in his address a week ago. At that time he pointed out the most glaring inequities in our tax structure.

Specifically I believe some mention was made of dividend credits. The hon. member for Rosetown-Biggar pointed out in this house that so unfair and so iniquitous is our tax structure that a married man with no children and earning $3,000 a year is required to pay $150 in income tax, yet a man could be making $14,000 and pay only $60. He could be getting $14,000 in dividends and be required to pay only the social security portion of the income tax, namely $60. There is something wrong with a tax structure that permits those who derive their income from dividends on invested capital to get off virtually scot free while the man with a low income who earns his money is required to pay income tax. I think it is generally agreed that originally the income tax was intended as a device to tax the wealthy, but over the years there has been a tendency to reduce the level at which income tax is to be paid, so that today many families who actually are able to do no more than provide the necessities of life are required to pay income tax.

Another inequity of the tax structure had to do with depletion allowances. Here again there are tax concessions to those who could well afford to make a fair contribution to the public purse. Then of course there is the question of capital gains. Here is a field in which the reluctance or the refusal of this government to give some consideration to requiring Canadians who make money through capital gains to make their fair contribution to the tax coffers of this country indicates where the sympathies of this government lie. Certainly they are not with the low income group. They are very interested to go out of their way to extend tax concessions and to do everything within their power to assist those who are well able to look after themselves, while they consistently refuse to grant the type of tax relief which will benefit the small man in this country.

We in this group recognize that there is great need for an increase in the exemption levels which have existed over the years. We have insisted that there should be an increase of $1,000 in the income tax exemption levels for both single and married people. While we advocate that, we recognize that the only way you are going to bring about a measure of tax relief to a great percentage of the people of Canada is through a reduction in the sales and excise taxes. In spite of all the glowing talk of government apologists about the prosperous times in this country, let us not forget that there are many families throughout Canada that have never earned sufficient money to be required to pay any income tax at all. If you are to be fair, if you are to be just and give tax relief where it is needed the most, then you will have to do something about reducing the sales and excise taxes.

As far as capital gains are concerned, I was particularly interested last year in reading a little account in the *U. S. News and World Report*, indicating the part that capital gains play in the building up of great fortunes. They give a very good example. Executives of certain corporations there in April of 1951 had an option to buy 5,000 shares of stock at $99 a share. The option to purchase expired in five years if not exercised. In May of the same year the corporation split its stock two shares for one. Those directors could now buy 10,000 shares of stock at $49.50 a share. That was the price of the stock split. In January of 1953 the price went up to $67.38 per share. The directors took up the option to buy 10,000 shares at $49.50 a share. On a total price of $495,000 the paper profit realized in this instance was $178,800. In May of 1954 the stock went up to $129 a share and the corporation split the shares again two for one. The stock was now worth $64.50 a share and the 20,000 shares in existence had a total value of $1,290,000, and the profit was $795,000. Then in February, 1955, the market price of the stock was $132.50. The directors sold 20,000 shares at this price and received $2,650,000. This constituted a profit of $2,155,000. In the United States they have a capital gains tax of 25 per cent. Therefore the director paid his tax of $538,750 and ended up with a clear profit of $1,616,250.

The same pattern is true in this country. The only difference is that in this country there is no capital gains tax. In other words, they actually do better in these monopolies in Canada because of the absence of this very necessary form of taxation, yet

the government will hold the line in tax concessions. There are no reductions in sales tax, but at the same time the government refuses to place a proper share of the burden on the backs of those who are well able to take that responsibility.

It seems to me, Mr. Speaker, we have to look at this budget from the standpoint of the general tax structure. If we do that we will not be satisfied waiting for another year when the Minister of Finance will come out just before the next election and offer us a little bit of a tax concession. What we need is a revamping of our tax structure in order that those who are better able to bear the burden will be called upon to pay a proper share.

Now, Mr. Speaker, there are one or two comments I should like to make about the unemployment situation. I referred briefly to the need for a public investment program, because if we are to rely upon private enterprise to do it we will wait a long time. I think the resolution now before the house having to do with Trans-Canada Pipe Lines is a specific instance where private capital refused to do the job and we were forced into the humiliating position of having to go outside this country for capital. The obvious answer in that instance would be public investment, a publicly-owned pipe line. There are many projects in this country which could be undertaken at the present time which would add to the productive capacity of Canada, which would add to our material wealth and which would build up the country. These could only be done through a proper program of public investment.

In my own province we have had frequent reference to the South Saskatchewan river dam. It has been made a political football by the Liberal party. They throw it out before elections time after time in an effort to win votes, and they have played both ends against the middle. A year ago they said the province of Saskatchewan was not prepared to pay enough, and I think last year the hon. member for Rosthern (Mr. Tucker) said he thought the province was paying too much.

Figures were produced last year as to the cost of this project. The Minister of Agriculture now suggests that these figures are too high. He has indicated that he knows people who will do the job for $83 million. I suggest that he should take the house into his confidence and let us know who these people are, because if the job could be done for that amount I see no reason why there could not be an immediate agreement to go ahead with this project at the present time.

I realize, of course, that various opinions have been expressed in the province of Saskatchewan by supporters of this government in Ottawa. The leader of the Liberal party in the province of Saskatchewan has been going about the province making speeches. It has been his practice to pass off the dam as being of no consequence while speaking in one area, and in the next place he suggests that he is all in favour of it. He made an extremely significant statement, however, when he said that "we will never get the dam until we kick this government out of here", meaning the provincial government. When I suggest that this measure has been used as a political football by the Liberal party I think there is ample evidence to back up my statement.

I believe there are many other fields in which the federal government ought to be taking action in order to develop this country. Many of the provinces would prefer to go ahead and develop their resources but they lack the fiscal power to do the job. There is no doubt that the people in the province of Saskatchewan find themselves in that position. We want to develop our resources, but the province does not have the fiscal power. We are not unique in this respect, because no province has the necessary financial power to do a large-scale job of public investment; consequently, as second best, it is necessary to rely on outside capital. The fault lies not with the provinces, whether it be the province of British Columbia or any other province in Canada. The responsibility lies squarely on the shoulders of the government in Ottawa.

There are one or two other matters I would like to raise at this time. I want to make reference now to a matter which has attracted my attention since coming into this house. The growth of the trade union movement in Canada has of course brought about a new concept in employer-employee relationships. The old concept of master and servant has been replaced by collective bargaining between management and labour. No longer is the employee in organized industry in constant fear of unfair treatment or unjust dismissal. As a member of his union working with his fellows in the union he is able to meet with management and evolve a satisfactory working agreement mutually acceptable to both sides governing such matters as wages, hours of work, holidays, seniority, grievance procedure and all the other matters that have vexed relationships between management and labour. As a result labour has become a partner in industry, in large measure, and is working more efficiently in the industrial field.

In spite of the fact that in the early days employers fought tooth and nail to halt the

growth of the trade union movement, and despite the fact that some still resist it, many enlightened employers realize that unions are here to stay and collective bargaining procedures are always going to be with us. The unfortunate thing is that there are large groups of Canadian employees who are denied the rights of collective bargaining. I say they are rights because they are rights which are guaranteed by law in many instances. I believe union recognition has become more than just a sanction on the part of an employer who has to deal with the rights of the employees in his plant. Collective bargaining has been sanctioned by law in Canada.

Well, what about the civil servants? I take pride in the fact that the province of Saskatchewan is the only province in Canada which permits proper collective bargaining procedure for civil servants.

An hon. Member: Oh, you are crazy.

Mr. Ellis: I hear a dissenting voice on my left. I am going to deal with that by quoting from an organization which represents the civil service in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. I also understand that the organization is reaching into other parts of Canada and will eventually represent all civil servants at the federal, provincial and municipal levels. The Canadian council of public employee associations held a meeting in Regina—

An hon. Member: Where is that?

Mr. Ellis: —about a year and a half ago. As I pointed out, this organization represents some 40,000 public servants, employees of provincial governments, including the provincial governments of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The council passed the following resolution:

> Whereas provincial public servants in all provinces of Canada, except Saskatchewan, have no negotiation, conciliation or arbitration rights in dealing with their employers, and
>
> Whereas, we believe this condition to be a negation of democratic principles and a denial of the right granted by law to other organized bodies of the working society,
>
> Therefore, be it resolved that this council go on record approving in principle of the belief that negotiation, conciliation and arbitration rights be granted by provincial governments to their employees.

Mr. Howe (Port Arthur): Mr. Speaker, may I ask my hon. friend to repeat the name of the organization?

Mr. Ellis: It is the Canadian council of public employee associations. This resolution was passed on August 30, 1954.

I mentioned the fact that the provincial governments were mentioned in their resolution. This was because at that time only provincial representatives were in attendance, and they did not go beyond making recommendations to their own governments. However, the same principle is involved in relation to the federal government. There is no reason why federal civil servants should be denied collective bargaining rights.

In my own province we placed no obstacles in the way of collecting bargaining procedures, and we also were willing and anxious to treat our public servants in the province in the same way we expect any decent employer in the country to treat his employees.

Mr. Hahn: Then would you explain its application to the bus drivers in Saskatchewan?

Mr. Ellis: My hon. friend is asking a question which I think he might more properly elaborate into a speech a little later on. I suggest that when the province of British Columbia gets around to granting collective bargaining rights for provincial civil servants the hon. member will then have a reason for making an interjection of that kind. In the meantime I suggest that you put pressure on the Social Credit government in British Columbia to do the decent thing for their public servants by granting them collective bargaining rights.

We in this group are in the position of being able to come before this house and make our point quite clear, because we have done what we have preached in this house. We have granted to our public servants full collective bargaining rights. We suggest that what has been done in our province can be done in every other province in this country, and can be done here in Ottawa by the federal government. It ill behooves anyone from a province with an anti-labour government like the Social Credit government in British Columbia to make absurd interjections like that.

The only way we are going to bring about more co-operation with and a better spirit among our public servants is to grant them collective bargaining rights. I hear these frequent interjections, and I realize that I have touched on a sore spot as far as the Social Crediters are concerned. Of course their anti-labour policies are known from one end of this country to the other. They are trying to out-Tory the Tories in their anti-labour policy. This is self-evident and needs no elaboration by me at the present time.

I am suggesting that the government could avoid many of the difficulties which it now encounters when dealing with its public servants if it agreed with the employee organizations to sit around a table in a proper

spirit of collective bargaining in an effort to arrive at a settlement and wage contract which would be mutually acceptable to both sides. We would then have something in the nature of proper employee-employer relationship in this country.

There is one reference I should like to make to the budget speech delivered by the Minister of Finance, in connection with housing. The minister pointed out that in the last year there had been an increase in residential construction, and that perhaps for the first time we had reached the stage where home construction was keeping pace with or perhaps staying a little in advance of new family units in Canada.

The main problem in so far as housing in this country is concerned still remains unsolved. There are over half a million homes in this country which are certainly in need of replacement. Pardon me, I should not say replacement; according to the brief presented to the government by the Canadian Congress of Labour a year ago there were some half million dwellings needed to meet the backlog of housing requirements in Canada.

What steps have been taken by the government to meet this great backlog? We know that the population of Canada is growing, and that the new homes which the Minister of Finance talked about are needed to keep pace with that growing population. But we still face a tremendous backlog of housing need in Canada. Beyond the need for new residential construction is a great need for homes to replace older homes, many unfit for human habitation, and many in such a condition as to create a hazard, particularly with regard to fires. I think the government should take these factors into consideration.

There are almost 1,000,000 homes in Canada now overcrowded or in need of major repairs; there are some 900,000 homes with no inside running water, and almost 1,500,000 homes with no bath or shower facilities for exclusive family use. There are over 1,200,000 homes with no flush toilets; nearly 600,000 with no hot water supply; over 1,700,000 with no electric or gas stoves; 1,757,000 with no mechanical refrigeration, and over 1,700,000 without furnaces.

Think of what these needs mean in terms of jobs, when we have an unemployment situation in Canada. There is no lack of work to be done, in fact there is a vast amount of work to be done. Then we should think also in terms of the danger to human life that exists in many of these dwellings.

In recent months we have been shocked by the tragic fires which have occurred in the Ottawa district and throughout Canada. The death toll this year has been shocking. I think it was on March 16 that the hon. member for Rosetown-Biggar asked the Prime Minister whether he would not consider taking the initiative in doing something to bring an end to these tragic fires. As usual, the Prime Minister shrugged off the responsibility and said this was purely a matter for the provinces. I suggest that it is not a matter purely for the provinces. I speak only from my reading of press reports, from seeing pictures were published, but these indicate that many of these homes which were destroyed were substandard. The inquest reports and reports of inquiries that have been held almost invariably indicate that the dwellings were substandard. We are told that in many cases the walls were nothing more than pressed paper. Once a fire started there was little or no hope of the occupants escaping. Is it any wonder that we have had such an appalling loss of human life, particularly of children who have perished this winter in fires right here in the Ottawa area?

What is the answer? Apart from the precautions which an individual must take at all times, the answer seems to be to do something about the substandard housing that exists in this country. As long as people are required to live in houses that are mere shells with partitions made of pressed paper, we cannot expect to avoid tragic fires like these. If the federal government are anxious and willing to do something about this great problem they should start by doing something in the field of public housing over and above what is done under the National Housing Act.

As far as the National Housing Act is concerned, hon. members will recall that when the amended act was brought down in 1954 we of the C.C.F. group had certain criticisms to offer. We pointed out that the legislation would not assist the people of Canada who needed help, that is those in the very low income groups. We pointed out that the interest rate was excessive, particularly when the lending institutions, the banks, were having their loans guaranteed at the borrower's expense. There was a guarantee that there would be no loss to the banks.

Under those circumstances there seemed to be no fair relationship between the risk involved and the interest rate charged, as the banks were taking no risk whatsoever. There seemed to be no justification for the interest rate provided in the legislation. Since

that time the government has seen fit to increase the interest rate still more.

We pointed out at the time that housing needs in Canada were such that the National Housing Act would be powerless to deal with the basic problem. What has happened since?

I have here a table based on Canadian housing statistics for the third quarter of 1955, published by Central Mortgage and Housing Corporation, and I should like to have unanimous consent to place this on *Hansard*.

Mr. Speaker: Has the hon. gentleman unanimous consent to place this table on the record?

Some hon. Members: Agreed.

Mr. Ellis: The table is as follows:

GROSS FAMILY INCOME GROUPS AS A PERCENTAGE OF TOTAL BORROWERS UNDER THE NATIONAL HOUSING ACTS

Gross Family Income	1948	1949	1950	1951	1952	1953	1954	1955 1st and 2nd quarters
	%	%	%	%	%	%	%	%
Under $2,099	8·9	2·9	0·7	0·2	0·05	0·02	0·02	0·01
$2,100–$2,399	13·5	8·0	3·0	0·8	0·2	0·06	0·03	0·04
$2,400–$2,699	21·5	19·0	10·8	4·1	0·9	0·4	0·1	0·08
$2,700–$2,999	12·4	13·5	11·5	8·0	2·1	0·9	0·3	0·2
$3,000–$3,499	18·3	23·0	25·2	23·2	13·3	6·96	3·61	2·7
$3,500–$3,999	9·8	12·1	17·3	18·9	22·0	17·10	11·58	10·52
$4,000–$4,999	8·7	12·2	17·0	21·8	30·3	36·86	34·38	32·90
$5,000 and over	6·9	9·3	14·5	23·0	31·3	37·3	49·89	53·52

I would draw to hon. members' attention the fact that over the years there has been a marked increase in the use of N.H.A. loans by those in the higher income groups, and there has been a gradual tapering off of borrowers in the lower income groups, so that they are almost negligible. As a matter of fact, home-owner borrowers with gross family incomes below $3,500 comprised only 4·1 per cent of total borrowers under N.H.A. in 1954. By mid-1955 this percentage figure had dropped to 3 per cent. That bears out the points we made at that time, that the National Housing Act, however it may assist a small group in the country, has failed to meet the needs of people earning less than $3,500 a year. They are the people who are forced to live in these substandard homes of which I spoke a moment ago.

The government cannot feel that the National Housing Act is meeting the problem. What we need at the present time is a housing program that will be tailored to meet the needs of the people who need the housing most. We have a tragic situation where so many of our people unable to raise the money for the down payment are paying rents greatly in excess of what they would have to pay in payments on homes. I received a letter the other day from a constituent who informed me that if he could raise the down payment he would only have to make monthly payments of $72 on a house; but he could not raise the down payment. In the meantime he is paying over $100 in rent, and he cannot save any money as long as he must go on paying rent.

Something must be done by this government to provide for the housing needs of these low income groups. In many instances, of course, owing to the transitory nature of their employment, low rental housing would have to be provided for some people. In any event the time has come when the government should give serious consideration to revamping its housing program to provide for the needs of low income groups in this country.

I know my time is fleeting, Mr. Speaker, but before I sit down I want to make some reference to a very important matter. I am sure all hon. members were disappointed and shocked the other day at the news that another atomic test had been held within the Soviet union. I am sure thinking people throughout the world will deplore this madness in persisting in experimenting with these horrific weapons. Members of this group have drawn this matter to the attention of the house on former occasions, pointing out that

the risks involved are not commensurate with any foreseeable advantages to be gained.

Surely we have gone far enough in this field. No one can say with absolute certainty the effects these experiments are going to have on the human race. Many scientists are very apprehensive about the genetic and other effects on human beings. There may be those who will disclaim any ill effects from these particular experiments, but I suggest, whether these experiments are conducted, as the most recent ones were, by the Soviet union, or by the United States or by Great Britain, this parliament ought to make its wishes known and make the strongest representations to the governments concerned, asking them on behalf of the Canadian people to cease forthwith any further tests of this type.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, I would be very remiss indeed in my duty, coming from a border riding, if I did not say at the very outset a few words pertaining to the visit of our Prime Minister (Mr. St. Laurent) and the Secretary of State for External Affairs (Mr. Pearson) with the President of the United States, Mr. Eisenhower. At Niagara Falls we pride ourselves on the rainbow which is visible at most times of the day and which is a connecting link, and indeed a symbol of friendship and peace, between two great countries and two great friends. Certainly the visit of our Prime Minister and his external affairs minister with the President of the United States is a symbolization of those characteristics that we in Canada wish to extend to the great United States; peace and friendship. I know we all wish the Prime Minister well in his visit.

Contrary to what was said by the hon. member who has just taken his seat, I want to compliment the government, and indeed the Minister of Labour, for doing their utmost to maintain full employment as far as possible. It is my firm belief that the people of Canada have the ability, the courage, the determination and the ambition to produce on their farms and in their factories, as far as possible, increased quantities of goods and services for ever-increasing numbers of people.

Many people have asked, and rightly so, what does it take to make a job? In the first place it takes a man or woman who cannot be employed unless people are willing to buy the thing he or she produces or unless people need his or her services. So jobs and manufacturing are the end result of a number of things. Before there can be a manufacturing job there must be an idea for a product that people want, and there must be people willing to risk their savings in furnishing capital to develop that idea. Then before there can be a job there must be customers. When a customer buys a product, the money he spends creates work; work for the people in the plants; work for those who supply raw materials; work for those who sell and service that product.

In the end it is the customer who makes the job. It is by careful estimates of the number of customers that management is able to plan that work and the number of jobs that will be created. To begin with, someone or some group of people must have sufficient confidence in the products, in the requirement for services of one form or another, and sufficient confidence in the people who are going to manufacture and market those products or who will be providing the various services, to risk their savings in financing the undertaking. Money must be provided for plants and machinery. This amounts to a considerable sum for every job. Everyone who has savings at work expects some return for their use. Therefore, in order that jobs may be created and may continue to exist, there must be a chance to make a reasonable profit.

So, to sum up, jobs are the end result of something; the result of a combination of capital, management and opportunity, with some catalyst thrown in to make them fuse and function. This fourth factor, however, can hardly be described in one word. Its foundation, of course, is confidence and belief in the future of enterprise that is established by sound national and economic policies.

Manufacturing as a whole provides over one and a half million jobs in Canada today. Of this total the automotive manufacturing concerns absorb a little over 350,000 men—in short, about one job in every 15 jobs in the country. This does not include, of course, garages, service stations or supplies such as steel mills, manufacturers of textiles, tires, etc. Last year in this debate I referred to the tax on automobiles, and I was in hopes that something would be done in this regard to make it easier and cheaper for the average man to buy his much needed motor car. I thought this would tend also to increase the business of the automobile manufacturers.

The outlook for the motor car business is excellent for many years to come because of the vast economic expansion we are undergoing, and the job of building cars and trucks will be a major industrial item in Canada for an indefinite period to come. Judging from the fact that this is a big business and that there are over 4,000 automobile dealers in Canada, over 14,000 independent garages and over 16,000 service stations throughout

our great dominion, it is quite obvious that the sale and servicing of motor vehicles offers employment in a wide field of occupations.

I should like to say that there are countless opportunities not only in the automotive business but in industry as well for every man and woman in this country who wants to make a go of it. We as Canadians have the qualities that make for greatness. These qualities are obvious to anyone who has studied the characteristics of the people who go to make up this great nation. I am sure, Mr. Speaker, that last year's records will show that when the tax on automobiles was reduced from 15 per cent to 10 per cent it resulted in increased business, increased sales and thereby an increase in tax revenue.

I am still of the opinion that this tax is not only a special tax but that it is unfair, unjust and economically unsound. I say that if this tax could be removed it would help materially to stimulate sales and would thereby certainly maintain more production and more employment. This is not a one-way street as far as this subject is concerned, and I do not think people should expect the government to go all the way. I think the average car buyer realizes, thinks and believes, and rightly so, that the automobile manufacturer must go part of the way. Therefore I believe that if the government and the automobile manufacturer would each go part of the way it would be a lot easier for the average man to own a motor car, and to buy it within the resources of his pocketbook.

I am anxious that the Minister of Finance give consideration to the paying of taxes on all federal buildings and land. The reduction from 4 per cent to 2 per cent passed at the last session was to broaden the scope of the grants so that a greater number of municipalities might qualify. I think the two main factors in the legislation are that the percentage factor was reduced from 4 per cent to 2 per cent, and the legislation did liberalize the formula to increase the payments by relating the grant to the ratio of federal property to taxable property only, instead of the ratio of federal property to taxable and federal property combined. This, of course, removes the 75 per cent factor, so that the combined effect would be to calculate the grants at the full real property tax rate.

I felt that this bill indicated that the government recognized the fact that municipalities were entitled to taxation revenue. If this is true, Mr. Speaker, I say why not full taxation? Why not go all the way? I cannot understand why special treatment should be given to crown agencies, and in saying that I include not only federal but provincial agencies as well, since all too frequently these agencies are engaged in activities that are definitely in competition with private agencies which, of course, must of necessity pay the full amount of taxation levied in the area in which they operate.

You cannot overlook the fact, Mr. Speaker, that federal and provincial properties are entitled to and receive exactly the same services as any other property but pay nothing toward their cost. Ninety-nine times out of 100 the federal or provincial building is situated on one of the choicest locations in the municipality and immediately it is taken out of taxation, thus reducing the potential revenue of the municipality. To supply the necessary services I have just mentioned the municipalities' prime source of revenue is the taxpayer, and certainly everyone must agree that the ratepayer can stand no further demands upon his finances.

The Municipal Grants Act amendment may sound very good in the press but I want to say, Mr. Speaker, that as far as the city of Niagara Falls and the township of Stanford are concerned, both of which I am extremely proud of and both of which are known the world over, it does not mean a thing. The federal assessment in the city of Niagara Falls, although a very sizeable sum, does not come within the required percentage to entitle that city to any grant. In Niagara Falls alone we have well over $700,000 of federal exempt assessment out of a total of some $16 million exempt assessment. I admit that of this total exemption the province has the lion's share, approximately $12,500,000, but as far as federal property is concerned nothing is received by way of federal aid.

May I crave the patience and indulgence of hon. members of the house, Mr. Speaker, to cite a case in point pertaining to the city of Niagara Falls. The loss to the city by receiving a grant from the Ontario hydro in lieu of taxes last year was almost $250,000. This was clearly shown by a study of the assessment roll. This loss has steadily increased during the last few years as the value of both hydro and other properties has increased with the grant at the same time remaining almost at a stationary level.

At the present time the city of Niagara Falls and the township of Stamford each receives the sum of $75,000 as a grant in lieu of taxes. This grant has been in vogue for many years and it does not seem fair, in view of the increase in property value and the fact that the value of our dollar has gone down, that we should have to suffer such a loss. In Niagara Falls and Stamford we simply have to face it. Through no fault of their own both these places are in a very

poor position from the standpoint of assessment value. If I might mention it in passing, the Rainbow bridge only pays the sum of $12,000 per annum in lieu of taxation. This amount was based on the assessment away back in the early forties, and Niagara Falls is dropping thousands of dollars a year in that respect.

This does not seem fair to me when the Peace bridge, which occupies almost the same amount of land as the bridge at Niagara Falls, pays to the municipality of Fort Erie—and I am very happy that it does—the sum of $40,000 a year, which will be increased by an escalator clause to $60,000 a year in the year 1962. We have a case in point of the stores under the Rainbow bridge which are controlled by the department of highways of the province of Ontario. When the stores were erected the provincial government agreed to pay the city of Niagara Falls $8,000 a year in lieu of taxation. That has continued for some years, but the city was notified by the provincial minister concerned that at the end of 1955 this sum would cease to be paid.

In comparison with the sum of $75,000 a year paid to Niagara Falls and the township of Stamford, may I say that even in the year 1953 the Canadian Niagara Power Company paid in taxes to the township of Stamford over $288,000. This plant is only rated at 100,000 horsepower, compared with the terrific amount of horsepower developed by the hydro plants.

We in Niagara Falls are very happy to have these government employees. We have over 400 federal government employees and about 850 men and women working for the power commission. We are very proud of them. They are making exceptionally fine citizens and are heartily welcome in our city. But we definitely feel that from both the federal and provincial governments we should receive some compensation for the services we have to provide. I want to say here that the premier of Ontario is continually crying to high heaven for more aid from Ottawa. Everybody knows that the municipalities are the prime responsibility of the provincial government, and I submit to the premier of the province of Ontario that he should practice what he preaches and see to it that the municipalities receive the much-needed aid they so justly deserve.

I would not want to let this opportunity go by without at least saying a word about the civil servants I have in my riding. Probably no other member of the house has more immigration and customs officials in his riding. They are the first official greeters of visitors to this great Dominion of Canada and are doing a splendid job. They are ambassadors of friendship. I have had many tourists tell me when they come across one of the bridges that their first welcome to Canada was the one they appreciated most, and how complimentary and courteous these officers were at the various ports of entry.

I think we as members and supporters of this government can look with pride upon these officers. They are great ambassadors of friendship. I only hope that when the announcement is made pertaining to civil servants' pay, these men's services will be adequately recognized. I want to say to the Minister of National Revenue and the Minister of Citizenship and Immigration that they can be exceptionally proud of these officials.

The reaction of the Canadian people to the budget I think has been one of acceptance and, if I may use a slang expression, of "father knows best". There is a deep and abiding confidence in those charged with responsibility of office never heretofore exhibited. Some have called it a stand-pat budget. I should like to call it a "don't rock the boat" budget. There is much to stand pat about, Mr. Speaker, because employment was never higher, corporation profits were never higher, personal income was never higher and the outlook for the future was never better. Hence, Mr. Speaker, I say this. Why fiddle when Rome is not burning?

There are two great national undertakings in the wings but not yet fully on the scene. I refer to the national pipe line and health insurance. The first will make greater use of our natural resources by Canadians. The second will preserve, maintain and improve our human resources. Both undertakings are imaginative in scope, and the Canadian people can anticipate with confidence that they will benefit from both.

I think it is worthy of note that there has been no general outcry against the budget. This does not usually happen when there are no direct tax reductions. I believe it is well to read the signs. So great is the confidence of the people in this government and its monetary and fiscal policies that they are prepared to let the government deal with these matters in the way it thinks best. This deep and abiding faith has come from years of benefit derived from policies bold and courageous. Last year we budgeted for a deficit. It was unusual, yet it was accepted. This year we have budgeted for a surplus, and that is even more welcome.

I cannot help feeling, as I am quite confident the majority of the people of the dominion feel, that the economic policy of this government has been well tested and has

not been found wanting. I quite well recall that in his speech last year, as recorded at page 2733 of *Hansard* of 1955, the Minister of Finance said this:

> I propose to recommend to the house a tax policy and a tax structure that would produce a balanced budget under conditions which represent a high level of output and employment.

This indeed was a very definite answer from the government to those critics who were predicting nothing more or less than blue ruin for our country. I feel that this government has offered the country a policy that not only acts as a safeguard but indeed is a splendid example to take us through the minor ups and downs of our economy. Many condemned the budget of last year. Some said that it did hardly anything. Some said that it did not do a thing. Some said that it did not go far enough. Some said it was too conscientious.

The budget last year was the same as that which was presented by the Minister of Finance a few nights ago, and was based on sound principles and sound business ethics. The budget of last year did everything that could be expected of it; and surely, Mr. Speaker, if the Minister of Finance was sticking to the same principles of budgeting which guided us so successfully through last year and which guided him so successfully through his difficulties of last year, we shall again obtain fine results from this budget.

There is no doubt in my mind that Canada has growing pains, and I hope these growing pains will increase. Certainly the people of this dominion, with their confidence in this government and in the Minister of Finance, realize that this is going to be one of the finest years in the history of Canada. I wonder if anyone else could have presented a different budget under these circumstances. We must realize that next year we face large expenditures not only because of the new federal-provincial tax plan but because of the prospect of the hospital insurance plan which I spoke about a few minutes ago. If I may use a vernacular expression, Mr. Speaker, I would say that when everything is going all right there is no use in upsetting the apple-cart.

It seems to me that at a time like this, when we are receiving bad news from various parts of the world, it was encouraging to me at least to hear the Minister of Finance predict a good year ahead of us. With employment and production at high and satisfactory rates, I think the minister rightly believes that the government, business and the people of Canada must combine in perfect harmony to ensure continued prosperity, and he expresses the hope to the people that we shall have a steady increase in business rather than an immediate upward thrust.

The imagination of the Canadian people brought this country to this wonderful full development we are enjoying, and there is no reason to believe that we cannot go ahead under these circumstances, when we have a government that offers these safeguards against any monopolistic or other practices that would prove harmful to our great dominion. We in Canada are talking today in terms of 15 million people. I think in the not too distant future we shall be talking in terms of at least 30 million people. What we need is greater faith, wider vision and indeed that thing called ambition to go ahead with the job and see to it that this country is fully developed. I think we should thank almighty God that we here in Canada have a marvellous country, a marvellous future and almost incredible potential wealth.

So I say to the Minister of Finance and to the government that our resources are sound. Those men who are elected to look after the finances and the economy of our government I know will be tested as statesmen and not found wanting. I know the many requests that are made to them and the many things they hear, but I know they will not adhere to any of these patent medicine ideas. I want to say to the minister—and I say this to the people as well—that as long as we have faith in ourselves, in our heritage and in our destiny, Canada will be one of the greatest countries in the world in the not too distant future.

If I might use the parlance of the baseball field I say to the Minister of Finance that just a few nights ago, in presenting his budget. he had three men on bases and although the ball did not go quite over the fence, it reached the top of the fence and bounced back into the playing field. However, the bases were cleared. I am sure that next year, when our great Minister of Finance brings down his budget, he will come up again with three men on the bases and the ball will go over the fence for a home run. I want to say to him and through him to the government on behalf of everyone in the riding that I have the honour to represent, that we are proud of you. Carry on, and we are behind you to a man.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, many members in this house last Tuesday evening wondered what the Minister of Finance was doing on that occasion. My friend the hon. member for Niagara Falls has now supplied the answer. The minister was apparently engaged in a baseball game, some kind of sport. He certainly was not engaged in the serious business of responsible budget-making.

"The budget is not merely dull; it is defeatist. It is not merely stand-pat; it is negative. It reads as if the minister and the Department of Finance have thrown in their hands and stopped trying. No line of policy is followed to its logical conclusion. There is nothing coherent and constructive. It is fair to say that the nearest the minister got to a policy was a sort of resigned nod to the spending departments of government to go ahead and spend".

Those are not my words. Those are words that ought to be quoted in this house. They come from the Winnipeg *Free Press*, and will supply an effective answer to the hon. member for Niagara Falls and others like-minded who undertake to tell this house that the Canadian people have accepted the budget, and that father knows best. That attitude, of course, is one that has become typical in this house of supporters of the government. "Father knows best". You see the category in which members taking that attitude put themselves. They are the children. Father knows best and these children, as they regard themselves, are simply to follow and toe the party line.

Well, sir, it is in no personal sense that I must say to the Minister of Finance, in referring to the budget effort on this occasion, that it was unquestionably the worst failure in Canadian history within living memory. In kitchen terms this budget is as dull as dishwater, and it fell as flat as a pancake. At the outset of the budget someone should have called from the chair or elsewhere "dispense". At the outset this speech could just as easily have been dispensed with. Indeed, sir, if this represents the government's idea of a budget it might just as well have been dispensed with entirely. It might have been better for the government simply to announce that it was not bringing down a budget this year.

What is its purpose? What is its pattern? What is the thought behind it? What are the governing considerations? Sir, these are so muddled as to be utterly incomprehensible.

Nevertheless, there was one thing the budget did contain. It ended up with praise of the Prime Minister. Well, one can see perhaps some purpose in that. It is about the only thing one can find in the budget that has purpose and pattern to it. One recalls the words of the poet:

—praise, that last infirmity of noble minds.

One of Lord Lyttleton's poems puts it this way, Mr. Speaker:

There is no weapon that slays
Its victim so surely, if well aimed, as praise.

What was the purpose of this praise? It may possibly have been to coax the Prime Minister down from the remote fence on which he has sat during this session, to try to stir up in him some interest in the affairs of parliament, an interest which he has not indicated in any shape or form throughout this session. What may have been the purpose may well be left to speculation. But the Prime Minister is still on the side lines. He still takes his remote, detached place, with little or no interest in the house.

Now, sir, if I refer to this document and its proposals as a budget, let me enter the reservation that I do so in name only. This is not a budget in the proper sense of the word, but I will call it a budget because that is the most convenient way of referring to it.

The first feature of this budget, sir, is that it proposes to exact an increased tax levy from the Canadian people. The tax imposition is by the government's proposals to be raised to an all-time record height, $4,763 million. This aspect of the budget has of course been covered up very subtly with a multitude of words; but it is a fact that the government proposes to take out of the pockets of the people $378 million more this coming year than it took out of those same pockets during the past year. It proposes to take something over $1 million a day out of the pockets of the Canadian people more than it took last year. That, sir, is a sum far exceeding the rate of increase in the population of this country. It means, sir, an increase of $23.62 per capita in the dominion tax levies.

The second question of interest that one can apply to this budget is, what bearing has it on inflation? The budget is extremely vague on this subject. I should be inclined to question whether this factor entered into the considerations of the government at all. The minister talks about the "renewal of inflationary pressures in many countries". He speaks of the operations of the Bank of Canada "directed increasingly toward moderating the rate of expansion in the use of credit", and then he allows himself, apparently, to relate this to some aspects of government responsibility; for the minister says at page 2327 of *Hansard*:

The federal government itself has a special responsibility to see that its fiscal policies continue to be directed towards economic stability. The use of the flexible instruments of monetary policy is also being directed towards this objective.

Well, sir, that was very little indeed to say in a budget speech by way of review of some facts and events that have occurred within the year. The fact is the Bank of Canada lowered the bank rate from 2 per cent to 1½ per cent on February 1. On August 5 it reversed the policy and raised the bank rate from 1½ per cent back to 2 per cent. On October 12 it raised it from 2 per cent to 2¼ per cent; and on November 18, from

2¼ per cent to 2¾ per cent. The policy has been confusing to say the least. If action of this kind was required, it was required before it was taken. The effects of this series of sudden increases in the bank rate have been disturbing to confidence. Every time the bank rate was raised it had the effect of subtracting millions of dollars from the value of bonds held by Canadians, including dominion government bonds.

We should like to know, and surely this house is entitled to know, what is the government's purpose in this matter? How serious is the view they take of the way inflationary forces are working? What is to be the scope of anti-inflationary policy? Give us something to judge their efforts by. Mr. James Muir, the president of the Royal Bank of Canada, in his annual speech said this on inflation, a few days ago:

> Experience shows that monetary policy is more effective against inflation than against deflation. But there are dangers. As I have already pointed out, the policy may go too far. It may also be unselective, curbing healthy as well as unhealthy or excessive bank credit.

What is the government's next step, sir? The government has not told us whether it regards inflation as serious or not. The minister has talked about the stability in the cost of living. That does not seem to suggest that the government thinks there is inflation; and yet we have a series of three increases in the bank discount rate. Well, if the government has any clear thinking on this matter, Mr. Speaker, we should have had some statement on it and some expression of objective.

While the minister was laying down that role with respect to what he calls the flexible instruments of monetary policy, he did not stop there; he went on to read this lecture to individual Canadians:

> But careful judgment and wise spending policies are not solely matters of concern to public authorities. They are the normal responsibility of each one of us, regardless of his role in the economy.

I do not quarrel with that as a statement, but I ask the government to apply its own medicine to itself. When it is busy prescribing for individual Canadians I say, "Physician, heal thyself". The greatest inflationary pressure that exists today is reckless government expenditure and extravagance. And, sir, if the government is going to preach the virtues of thrift and care to the individual Canadian, I say let it begin in its own house. While plucking the mote from the eye of the individual Canadian, I say to the government "first pluck the beam out of thine own eye". There is no more inflationary force in Canada today than the full weight of reckless government expenditure and extravagance.

The next matter to be mentioned, sir, is the income tax. It is true that the rate is unchanged. It should have been reduced. Of course, we are going to have to wait until election year for those increases in the exemptions which are long overdue. It is interesting to see that the C.C.F. in their amendment have sought to urge a reduction in the burden of income tax on the lower income groups. Well, in 1953, in the general election, the Progressive Conservative party advocated in the plainest terms an increase in the income tax exemptions to $1,500 for single persons and $3,000 for married persons. I sought to put the same view forward for the consideration of the Minister of Finance when I spoke in the house on January 24. It is most unfortunate that the C.C.F. in bringing an amendment of that kind, a commendable amendment to that extent, has linked it with a hairbrain proposal to place a tax on capital gains, a proposal which if it were to be put into effect would frighten off capital and do the Canadian economy untold harm.

Canada needs capital. We need capital created out of the savings of the people. That is one reason why the government ought to be making resolute efforts to reduce the burden of taxation on the Canadian people. What other source of Canadian capital is there? If the government is not going to permit the Canadian people to retain more of their earnings in the form of savings, and therefore of capital, then Canada will have to continue to look abroad for sources of needed capital.

I wish to refer to a statement made recently by Mr. Ashforth, president of the Toronto-Dominion Bank, at the annual meeting of that bank, when he said:

> Week after week one reads of foreign concerns purchasing Canadian firms or establishing new plants and factories in Canada. The same opportunities are available to Canadians. Why don't we grasp them?
>
> Lack of capital, or perhaps I should say savings, is one factor. In some cases, it reflects greater technical knowledge on the part of the foreign company. In others, it represents the establishment of a manufacturing plant in Canada by a company that is already selling its products in this country. But this is not the whole explanation. Evidence is accumulating that Canadians are not showing enough vision, enterprise and courage in relation to the opportunities open to them.
>
> Risk-taking is essential to a dynamic, expanding economy. In the mining field, Canadians have proven that they are prepared to take risks, and the rewards have been substantial. More of the same enterprise and courage is needed in other sections of the economy.

Let hon. members weigh well those words of Mr. Ashforth, that "lack of capital, or perhaps I should say savings, is one factor" accounting for the unfortunate and regrettable fact that Canadians are not taking advantage of the investment opportunities open to them in the development of Canada's resources.

I have some comments to make on the sales tax. This government proposes to continue the sales tax upon the necessities of life undiminished one whit. Why is it that this government insists upon placing this levy on the necessities of life of the Canadian people? There was a study made recently of the sales tax by the Canadian Tax Foundation. Some interesting facts have emerged from that and other studies. About 58 per cent of sales tax collections are from consumer goods. About 24 per cent are from industrial purchases. Based upon 1954 revenues within the consumer group the largest items subject to this tax were clothing and personal effects. They occupied 15 per cent of the total, or $110 million. We are speaking now of 15 per cent out of total sales tax collections in the neighbourhood of $650 million a year. The sum of $110 million or 15 per cent of the total represented levies upon clothing and personal effects. Another $76 million or 10 per cent of the total was levied upon purchases of household appliances, furniture and furnishings. How can any Minister of Finance justify impositions like these upon consumer necessities? So many of these articles to which I have referred come strictly within the category of necessities for the Canadian family. These impositions are to be continued by the will of this government. There will be no diminution this year. Every hon. member opposite in voting to support these budget proposals expresses his determination to continue these impositions undiminished upon the purchases of necessities by the Canadian people.

The second feature of the sales and excise taxes which is worthy of mention relates to a reduction that was made last year. The government last year actually reduced from 15 to 10 per cent the excise tax levied on automobiles. What was the result, sir? A reduction in revenue? On the contrary, there was an increase in revenue. The collections from the excise tax on automobiles actually exceeded those of the previous year by $8 million. I suggest that there is a lesson there to be learned by the Minister of Finance and by the government. A few more reductions in rate would not necessarily mean serious and crippling reductions in revenues. On the contrary they would assist the circulation of money and the expansion of business enterprise.

The third comment I wish to make concerning sales and excise tax relates to the report of the Carter committee. The minister made brief reference to this report in his budget speech a week ago tonight and paid very proper tribute to the worthy public service rendered by the members of this committee. The report itself came into the hands of hon. members only yesterday. That report has been in the hands of the minister and the government for weeks. Why was this important report virtually suppressed until now? I say it is typical of the attitude of the government. The minister had the report and the government had the report. It was obviously a report which required study. But in their view what does the House of Commons matter? Who are these troublesome people who call themselves members of parliament? Why should the government concern itself about such persons? Therefore they have kept the report virtually under lock and key and hon. members were not permitted until yesterday to receive copies of this report. I do not think that does justice either to the House of Commons or to the quality and importance of this report submitted to the government by public-spirited and competent men.

We have a new tax proposed in this budget, sir, a tax on advertising. Let it be understood by all that this is the government's proposal; it is not the proposal of any Canadian publisher. What is the fundamental and underlying purpose of this proposal? Like everything else in the budget it is anything but clear. It has been shrouded in fog just as the whole subject has been shrouded in secrecy until the minister made his announcement a week ago tonight, a secrecy which indeed invites the suspicion of hon. members.

Has the minister made clear the government's objectives in relation to this proposed tax? No, he has not. If the minister had come before the house and said something like this: "Concern has been expressed over the way in which the Canadian market has been deluged with a flood of American magazines and we are concerned that Canadians should be assured of Canadian magazine literature to read, so we are going to take effective steps across the board for this purpose," the situation might have been different. There would have been some rhyme and reason to that. That would have been an understandable objective.

But that is not what the government has done. Without any clear statement as to its purpose the government has chosen in this proposal to place a tax upon a particular type of magazine. It has not applied any form

of restriction or imposed any burden upon the whole flood of United States magazines that enter the Canadian market and which are bought by interested Canadians in such large numbers. No, the government has chosen rather the discriminatory course of proposing a special tax upon a special group.

We do not like discriminatory taxes. There have been protests already from United States sources and there have been many Canadian protests. As was inevitable, there are some magazines which evidently were not within the thought of the minister when he proposed this tax and which are now pointing out that they are going to be affected by it. They are not among those which were referred to in the press or in the talk that went on around the corridors. Of such are magazines whose chief purpose is such as the dissemination of medical information, magazines edited by competent medical sources.

Mr. Harris: I have had no intimation or indication of a magazine that I had not thought of.

Mr. Fleming: Then the minister must have had more in his head than he chose to share with the house. He certainly kept it to himself. It may be that there is a great deal in the minister's mind on this subject. It might be well that he make public confession and share it with the house and country. Confession is good for the soul and it would be particularly good for the soul of my friend, the Minister of Finance, on this occasion.

If this tax is to be put into effect in the face of all the protests that have been made, I can tell the minister that there are going to be many applications for exemption from it because of its essentially discriminatory nature.

This is the first time that a tax has been applied on advertising and it is a dangerous innovation. This is not a tax for revenue; this is a tax for some other purpose. The purpose is apparently one which in the view of the government must be served by a discriminatory method. I suggest that the government withdraw this proposal. If they are concerned about the flooding of the Canadian market by periodicals from the United States they should find some other and more appropriate method of dealing with it, if such exists.

I was surprised that not one word fell from the lips of the minister on the subject of succession duties. In the throne speech we were told that we would be asked to revise the Dominion Succession Duty Act and one would have thought that the budget statement would have been the place where the minister would notify the house of the fundamental effect or purpose of the revision of the Dominion Succession Duty Act. No doubt we will have a measure before us some time which will strike out the word "Dominion" but continue the present succession duties in their full force.

There are some rather strange things in the budget papers. At page 2330 of *Hansard* the minister placed on the record a table indicating that succession duties in the year closing March 31 produced a revenue of $75 million, but he anticipated that in this coming year the revenue from this source would be only $65 million. Then if we turn to page 11 of the budget papers which are an appendix to the budget speech we will see a table made up on the calendar year basis, where succession duties for the year 1955 are shown to have produced in preliminary figures a revenue of $117 million. Then if we turn to page 2399, in the budget papers we find this brief statement:

> Revenue from succession duties is estimated at $75 million in 1955-56, an increase of $30 million, or 67 per cent over the previous year. Two-thirds of the increase came from payments in respect of one unusually large estate.

In my submission we cannot reconcile the figures that appear on page 11 of the budget papers with those appearing on page 44 of the budget papers and the table appearing on page 2330 of *Hansard*. The minister ought to be telling the house something about his plans with respect to succession duties. I hope he is not going to tell us that our hopes for some reduction in the succession duties or some increase in the exemptions of estates as distinguished from the present notch provision are to be disappointed.

I wish to say a word now on the subject of the treatment of the provinces. What do the provinces receive from this budget? The answer is that they receive nothing but a lecture and a harangue. There was a rather striking feature about the minister's remarks in this regard. He finished his whole budget speech and then, as will be seen at page 2334, there was suddenly a postscript added to the speech. That is indicated by the change in style. This postscript was just tacked on after the budget speech had been finished. It evidently was an afterthought. Perhaps it is the result of a troubled conscience on the part of the government. However, it was a very frail defence of the way in which the provinces have been pushed around by the federal government and their needs overlooked.

The federal proposals with respect to unemployment are still grossly inadequate and represent a denial by the government of its responsibility, a responsibility which it recognized in 1945. There is nothing suggested

by way of assistance to the provinces to meet the staggering costs of education and other services.

There is no help here for the provinces in the development of their resources. There is nothing here that can claim to be on even distant speaking terms with adequacy in relation to measures that are needed to assist provinces like the maritime provinces. There is the province of New Brunswick which needs critically the development of secondary industry to sustain and expand its economy. It came forward with a most sensible and modest proposal, that in relation to the Beechwood hydro power project the federal government should add its guarantee to the provincial financing which was necessary. It did not ask the federal government to pay for it. It simply asked the addition of a federal guarantee. That was rejected, so we find the province of New Brunswick selling its 3½ per cent sinking fund debentures, not at par but at 95½ to yield 3·83 per cent, an additional burden to be borne by the people of New Brunswick because the federal government will not put a federal guarantee behind the provincial debentures necessary to carry out that project which would assist that province in the development of its resources.

There is nothing here by way of assistance to the provinces in the development of their resources; the budget leaves it to the provinces to do the best they can in the development of their natural resources. But, mark well, the moment those resources are developed, in will step the Minister of Finance with both hands held out to divert lush revenues from the provinces to the federal treasury, without a blush.

What is there for the municipalities in this budget? There is nothing. There is not even honourable mention for the municipalities. The minister just ignores the problems and the plight of the municipalities in this country. The minister, we were told by the Prime Minister not so long ago, was to meet the representatives of some of the municipalities, my own city of Toronto in particular, and of course everything was going to be all right when the minister met the municipalities, or that particular one. What happened? Silence descends upon the subject in the budget.

Not only that, but the federal tax gatherers are busy tightening the screws upon the municipalities, for the municipalities are taxpayers to the federal treasury. Yes, the sales tax is applied to municipal purchases. Here is the latest example, if you please: the Toronto board of education has received a demand from the Department of National Revenue for payment of sales taxes on matter that that board of education prints for its own use. The board is directed that it must pay a sales tax on purchases of printing material to the Department of National Revenue, a tax based upon the purchase price. There is another $10,000 levy upon that municipality alone.

This is the federal government's idea of meeting the plight of the municipalities in this country. Well, there is a day of reckoning coming. I spoke on January 24 and urged the minister, before the budget came down, to give consideration to this subject and to do something by way of paying, as the provincial governments are doing to an infinitely greater extent, certainly in this province, taxes to the municipalities upon federally owned property; but the minister still insists upon applying this formula of his—the two per cent—which does grave injustice to so many municipalities. The time has come for the federal government to get off the backs of the municipalities.

The budget ignores a number of problems. There still is no solution to the matter of the old age security fund. We were told several years ago that the government was going to bring down some permanent proposal to finance the annual deficit, but nothing is earmarked for that purpose, and there still is no proposal on it.

The minister had some proposals to make in regard to freeing gold from the restrictions that this government has applied, but we are left with an uneasy feeling, and there have been newspaper reports, undoubtedly based upon information, to the effect that this removal of the restrictions on the sale and export of gold or retention of gold in private hands is to be but the forerunner of the removal of cost aid. If this is the policy of the government, then it owes it to the mining areas to declare that policy and make it known soon, because, both if the government intends to continue it and if the government intends to remove it, those municipalities and those who are in the position of having to make plans for those mines ought to be acquainted with the fact well in advance. In this respect, I hope the house will have the opportunity of hearing in this debate from Liberal members representing mining constituencies in northern Ontario and Quebec.

I have inadequate time to deal with a subject of very great importance: our trade, particularly with the United States. The government boasts of the high imports this country is taking from the United States. The minister seemed to glory in that fact in his budget speech. Last year the Minister of Trade and Commerce said that a large volume of imports is a healthy sign, and this year he has told us that imports are an index

of high prosperity. This cult of imports, of which the government is a devotee, has certainly been now carried to its climax. In 1955 imports into Canada have reached an all time peak of $4,712 million. Let us remember that in 1955 Canada showed a total surplus of imports over exports of $360 million. That is the third year in a row that we have imported more than we have exported. In our trade with the United States, last year we imported $840 million more from the United States than we sold to the United States. That was an increase of 40 per cent over our import surplus in commodity trade with the United States in 1954.

Seventy-three per cent of our imports continue to come from the United States, and just 11·6 per cent from the United Kingdom. Sixty per cent of our exports are going to the United States; only 18 per cent to the United Kingdom. Our imports from the United States last year were up 20 per cent over 1954. The British Prime Minister has been pleading for a transfer of eight per cent of Canadian purchases from other sources to the United Kingdom to balance their trade with us.

We know that in consequence of these results, which have the full approval of the government and are created largely by its own policies, a current account deficit of $665 million was incurred in 1955 as compared with a current account deficit of $431 million in 1954. This deficit was increasing by leaps and bounds in the last quarter of 1955.

These facts and the growing domination of the Canadian economy by United States interests, which were reflected in them, are matters that ought to be engaging the serious concern of all Canadians. I should have liked to enlarge on the subject of economic domination of Canada by United States interests and trade, but I fear I shall have to leave that for another occasion.

Let me say in conclusion that this budget has been properly described in the Conservative amendment as a partisan budget. We have a repetition of the cycle in budgeting. This is the political cycle. We must wait for the year of elections for needed reductions in taxation. Meanwhile the government's policy is to soak the people and ignore their problems. It is the same old mentality so clearly revealed by the Minister of Trade and Commerce: "If we wanted to get away with it, who would stop us?" This government wants to get away with the policy of "soak the people and ignore their problems." It is the build-up for next year, and one is left with a strong suspicion that there has been an unwarranted underestimate of revenue in this budget in the course of that build-up.

This is a cynical budget, and I say to you in my final words, sir, that this budget, with sickening features about it, as the Winnipeg *Free Press* has said, reveals the sickness and the infirmity and the decrepitude of this government. This government is suffering in expenditure from elephantiasis; where action is needed, it is suffering, and with it the Canadian people in consequence, from paralysis; to the voice of the Canadian people it is deaf; to its own responsibility to the Canadian people it is blind; and it suffers from a psychosis springing from its own delusions of grandeur, omniscience and infallibility.

Mr. Irvin Studer (Swift Current-Maple Creek): Mr. Speaker, we appreciate your consideration in permitting us to be associated with other hon. members in this budget debate. The budget motion and the speech from the throne motion are two of the most important motions that any session of parliament considers. Around the activities involved in the budget and the speech from the throne all of the government revolves. The speech from the throne outlines the government's program and the budget advances its fulfilment. Of the two the budget is the more important because it includes provisions for taxation and the method of financing so that the policies that have been suggested by the government can be made effective. Without the budget the world of government would stop. The wheels would stop going around.

Included in the budget are the millions for health and social welfare all expended in this country, the millions for the dominion-provincial agreements, the millions for the necessary defence expenditures, the millions for national housing, the millions for veterans' benefits, the millions for farm loan operation, the guarantees on loans on wheat, floor prices on butter, hogs and eggs, Agricultural Prices Support Act expenditures, the payment of storage charges on grain, even the policing of the country, the operations of the experimental farms all contained in the budget. Because of the enormous expenditures contained therein and what is involved in the operations of government and the benefits to our people through the budget, I am sure that all parties in the House of Commons are going to support it.

If I were a member of one of the opposition parties I should not like to be in the position of having to go back home and say that I had voted against all these benefits for our

people, that I had voted to defeat the government so that none of these benefits would be possible. I suggest to the leaders of the opposition parties that they give their members a free vote so that they will not be held responsible by their electors and will not be blamed for endeavouring to destroy a government that has raised the national income over and above all expectations of anyone in Canada or anywhere in the world and has contributed to the greatest extent in history to the well-being of all our people.

Mr. Fleming: Will the hon. member permit a question? Is there going to be a free vote on the government side?

Mr. Studer: In connection with the budget I would hesitate to suggest—

Mr. Fleming: I would think so.

Mr. Studer: —that you should not support it.

Mr. Fleming: Answer the question.

Mr. Studer: The government has a responsibility that the opposition does not have. The government has responsibilities that the opposition do not have. There is nothing to prevent the opposition from supporting the government—

Mr. Fleming: Except our conscience.

Mr. Studer: —and I would suggest that when you have that responsibility you will be in a position to answer that question. However, you will never have that responsibility. In connection with the budget we hear about inflation. I do not know of any inflation in evidence anywhere that would not be in evidence if the socialists or the Social Crediters were in power because those two particular groups are willing to spend wealth before it is produced. I do not know of any deflation that is in existence, and if the Progressive Conservative party were in power there would be no deflation because there would be no wealth to spend.

Here we have the Liberal party which is the "flationist" party of Canada. "Flationist" means that the Liberal party maintains the balance, the equilibrium between the two extremes which makes it possible to govern the economy of the country in the best interests of all of our people. Therefore we are proud to be the "flationist" party. The people of the country can rest assured that as long as there is that balance between extremes which the people of the country know from experience is guaranteed by the government's progressive policies for Canada we will support the government. The policies of the government have created unlimited wealth and that wealth has been utilized in the national interest. There has been economic advancement and that has been in evidence ever since we heard of a Liberal party in this country and will continue to be.

If I may digress for a minute, since the opening of the session we have heard a great deal in the House of Commons about who have been taking part in the debates on various proposals, and we on the Liberal side have been criticized for not taking part in debates on proposals advanced by the opposition parties who have no responsibility and will never have any because they will never have to introduce any of their proposals for which they will have to be responsible. We have been criticized because we have not taken part in various debates on propositions they have put forward for consideration in the house.

The reason I did not take part in the wheat loans debate was that I was waiting for the opposition to say something. They made 77 speeches and there was not a word in any of those speeches that I have not heard before and ever since I came to the house in 1949. They were all the same. They were no different from the speeches they made in 1951, 1952, 1953, 1954, and before that. Their speeches were all the same. I was hoping that possibly someone would say something that we could reply to, to which we had not already replied in years gone by.

We Liberals represent the people without continuous repetition and we obtain results. We Liberals do not speak often but when we do speak we convince the people. Why should we speak on opposition motions? Why should we speak on these members' motions? We did not invent them. We did not bring them, with their irresponsibility, before the House of Commons. We did not agree that those who did bring them before the house were representing the same line of thought out in the country that I, at least, represent or think I represent. We were elected to support the government, not to vote against it. The opposition were elected to oppose the government, but when they oppose beneficial motions brought before the house by the government they will have to answer to their people back home.

I was particularly interested in remarks of the hon. member for Lethbridge (Mr. Blackmore). He made some reference to Liberals who represented people in western Canada and said they were not fulfilling their duty when they did not make speeches. Not one of my people back home has asked me to vote for a Social Credit motion, resolution or amendment, but my people have told me to be on my guard against certain proposals

advanced for political reasons that would destroy the economy that has been built up in this country.

This may not sound just right, Mr. Speaker, but if there is any obection to it you will have to blame it on the fact that I spent a lot of my youth in Iowa pulling weeds out of the cornfields and perhaps that had an influence on me. In any event, back home on the farm there are three tools that we think are indispensable around the farm. One is a pair of pliers, another is a screwdriver and the third is a wrench. We save ourselves a great amount of trouble on the farm by carrying these three tools in our pockets, by tightening up screws if there are any screws loose, by tightening up wire if there are any haywire proposals or anything of that kind around the farm and also by tightening up any nuts that may be loose. My people told me to take these three tools with me to Ottawa because I might be confronted with the same thing down here in connection with some of the proposals that are advocated in the House of Commons.

We heard from the hon. member for Lethbridge in a speech the other day that what is financially impossible is physically impossible. That is what we heard from the hon. member for Lethbridge last week, that what is financially impossible is physically impossible. My people told me not to support that type of argument. They told me that I was elected to support the government, and I most certainly was not elected to support the Social Crediters who, the people back home tell me, are composed of a combination of Rosicrucians, Technocrats and Poujadists going throughout the country seeking the ruin of political souls. They told me not to support that group in our economy.

The people in Saskatchewan are asking me: How much is a weatherbeaten old socialist speech worth? The answer is that it is worth nothing. We have had the most humiliating experience in the House of Commons of having the socialists say to us, after having helped to bring about 77 speeches in the wheat loan debate: "Please, Liberals, make a speech. No one will believe what we are saying. We have no influence in the House of Commons. Will you Liberals please make a speech for us so that we can fulfil the promises we made back home when we told our people they should send us to the House of Commons if they wished to have benefits accrue to them."

So here we have them begging the Liberals to make a speech for them. They made 77 speeches in one debate, with what result? Nothing. The result was nothing. Zero, zero was the result of their 77 speeches. The Liberals, without having to make one speech in this House of Commons, made it possible to grant to the farmers $32 million on their wheat. The opposition have no influence and there are no results. No one believes them. Go back home and tell your people that you have absolutely no influence in this House of Commons. I think the hon. member for Selkirk (Mr. Bryce) in his constituency is in trouble or the farmers possibly are. But if I were the hon. member for Selkirk I would go back home to my people out in Selkirk and tell them that I have no influence in the House of Commons, that I have been making these speeches ever since I have been here, and please send somebody down that will have some influence. We have had good representation from Selkirk during previous sessions. Let them just go home and tell the people they were fooling them and to send people down here that will bring results for them such as we had between 1949 and 1953 when the farmers had the best conditions they ever had and when there were the smallest number of socialists here in this House of Commons. The proof that they have no influence, the proof that they are only speaking for 2½ per cent of the people is in the fact that they have told us a hundred times in this House of Commons that they were representing the farmers of western Canada in connection with those bank loans to farmers. Were they? We did not think so. We thought they were merely representing the socialists. We are more sure about it than we ever were because only last week in the Saskatchewan legislature there was before it a resolution which provided for cash advances on farm-stored grain to be made effective when the advisory committee of the wheat board recommends it. That was the amendment in the Saskatchewan legislature by the Liberals to the original motion of the government censuring the federal government on account of the bank loan bill. What happened on this amendment that it become effective when the advisory board recommends it?

Mr. Ellis: Read the resolution first.

Mr. Studer: The resolution reads as follows:

> That this assembly, recognizing that the federal government guaranteed bank loan scheme is inadequate to meet the serious financial crisis now confronting the western grain farmer and the entire prairie economy, deplores the failure of the federal government to provide a prepayment on the initial price of grain in the form of a cash advance on farm-stored grain.

And the amendment by the Liberals reads as follows:

> approves the policy of marketing grain through the Canadian wheat board goes on record as

supporting cash advances on farm-stored grain, if and when this policy change is requested by the advisory committee of the wheat board.

That was the amendment. What happened? Every one of the socialist members in Saskatchewan—the socialist mice in Saskatchewan—voted against this recommendation that was to be accepted on behalf of the advisory committee representing all of the farmers of western Canada. The advisory committee consists of the following gentlemen: W. J. Parker, president of the Manitoba pool; J. H. Wesson, president of the Saskatchewan pool; Ben Plumer, president of the Alberta pool; J. E. Brownlee, president of the united grain growers; C. E. Hansen, president of the Saskatchewan farmers union and Roy Marler, president of the Alberta federation of agriculture. So the emphasis has been given to what the Liberals have held, namely that advances to farmers on approved farm-stored grain were not asked for by the farmers and those representing the farmers of western Canada. So that is why those people did not have any influence here in the House of Commons. Therefore I would suggest that they improve their technique, that they either send representatives here that the people of Canada can have confidence in or govern themselves accordingly and tell their people, as they should tell them: We Socialists have not been in a position to obtain any results for you so it is useless to send us back to parliament in Ottawa. They come down here, as we say in the west, just to shoot the breeze. They get elected by reading the Saskatchewan socialist *Commonwealth* but when they get in the House of Commons they begin to read the stock market page in the *Financial Times*. They are the biggest phonies—if you will excuse the expression, Mr. Speaker,—in all history. The farmers are going to remember that every socialist that has made a speech in this House of Commons has punished the farmers as a result of his being here.

My duty is to represent the non-socialist farmers of western Canada. A strange thing has happened in western Canada. I represent the non-socialist farmers. The strange thing that has happened is that all the socialist farmers are now rich farmers. They have accumulated all the land. There is not even any land left for the veterans who wish to establish themselves in Saskatchewan. Every socialist in Saskatchewan and every socialist in this house has bettered his position 100 per cent since he has been here and since this Liberal government has been in existence. There was a time out in Saskatchewan when you heard of the proletariat, the landless people. They were supposed to be the socialists. Now we hear of the bourgeoisie out in Saskatchewan and they are the socialists. Now we have the most buoyant economy in all history but agriculture is not enjoying the same standard of living.

An hon. Member: Why not?

Mr. Studer: On account of the socialist government in Saskatchewan taxing them. After all, it would not matter whether you gave them a billion dollars tomorrow morning in Saskatchewan, Mr. Speaker. There would just be a $1 billion increase in taxation the next day. That is the way it operates. You cannot control or operate a socialistic economy for the very reason that I mentioned at the beginning. They are always spending wealth before it is created. They have good policies for spending wealth but absolutely none to create it. If they have any, I wish they would outline them to us some day, if they have time. I wish they would tell us just what the socialist countries are doing in the world and have done since they have ever been heard of to create additional wealth or any type of wealth that would be of benefit to the people. All the socialists are interested in is destroying wealth. Anyone who has wealth is an enemy to a socialist. Their idea is to bring the wealthy man down to the level of the poor man so that the socialists can control and govern his economy. In no country in the world have the poor people ever been able to rise from that burden of carrying socialism on their backs. Here at least we in Canada have a buoyant economy. We can provide wealth for all the people and bring the poorer people up to a higher level. Under their system, you bring those on the higher levels down to the lower level and create no alternative thereto.

An hon. Member: Margarine instead of butter.

Mr. Studer: I appreciate the government assistance we have received of $32 million on account of excess wheat storage. But that amounts to only half a month's wages to the average farmer out in western Canada. So lest anyone think that is the solution to all of our problems, let me say this. Some of the troubles are local but some of them—and we hear this even from the mouths of the socialists—are ungovernable as far as Canada is concerned in the world upon which our economy depends. The most striking thing to all the people of the world is how far Canada has advanced in spite of the abnormal, overwhelming situation where we are dependent on other countries of the world for our very existence through our exports. No country in the world has made a greater contribution in producing things than have the people of Canada, including the farmers. The

first thing we need is that the wheat move into the channels of trade. Nothing should be left undone anywhere by any department of government, the wheat board, the railways or individuals wherever they are connected with the determination of the movement of wheat. Nothing should be left undone to the end that some money will be in the hands of the farmers this coming spring by means of which they may finance their spring operations. Nothing should be left undone to see that the organizations allocate their grain orders to the various elevator companies in Saskatchewan on an equal basis as much as possible so that all can avail themselves of some of the financing, and so that it may be fairly done. Nothing should be left undone. While we are talking about box cars, let me say that some of the socialists try to make political capital out of something which may not be in existence six months from now.

We do not want to forget some of the big things regarding the future of farming in western Canada. I think one of the greatest is the international wheat agreement. I for one sincerely hope that the future will produce an international wheat agreement under which all the countries of the world, including the exporters and the importers, will agree to a price for that wheat that will make it possible for the people of western Canada, and the people of all of Canada, to produce that wheat in unlimited quantities without any shackles placed upon them through any limitations in regard to the establishment of parity prices, which immediately involve controls, not only of acreage but also of the number of farmers. Even some of the wise men of western Canada will agree with that.

Mr. Bobier, vice-president of the wheat pool, in speaking to the select committee of the Saskatchewan legislature a little more than a week ago said that the initial price on wheat of $1.40 at the lakehead works out to about 70 per cent to 75 per cent of parity. He went on to say that if 100 per cent of parity were established they would have to control production to prevent growers from going wild in production. Mr. Hannam, of the Canadian federation of agriculture, had something to say in regard to parity. We all want the equivalent of parity. If it is not called that, it should be. Who should pay the parity? Should it be the consumer, or should it be the people of Canada, including the farmers? After all, if you establish parity you have added not one thing to the national wealth. You merely distribute the wealth that there is in the country. Therefore, I say the international wheat agreement is the most important document that we can ever devise in the whole world. It convinces the consumer that the farmer should have a parity price, not paid for by himself in his own country but by the individual who consumes the wheat. We are striving for that to increase the national wealth of Canada. That is why it is so important. In my opinion, the important thing is to have the equivalent paid by the people who eat the product. That is what we wish to have in western Canada. We farmers pay a parity price for everything used in production. The consumers throughout the whole world should pay. Eighty per cent of our production goes to the whole world. That is so important. It is important that our representatives over in Europe should continue their negotiations for an international wheat agreement so that the farmers and all the people of Canada may be able to live as they should live and so they may have the equivalent of a parity price structure. If we get that, then we shall be able to continue to feed all the people of the world and we shall be able to continue the vocation that we have adopted as producers for the betterment of mankind.

Mr. Hannam, president of the Canadian federation of agriculture, said that if we adopted parity:

> We would lose our United States market for beef and pork.

Incidentally, if we adopted 75 per cent of parity we would find that the prices of all of our products are above that percentage with the exception of rye and beef. Immediately, all these prices would have to come down if we were to establish parity so that they would not be above the 75 per cent.

As Mr. Hannam mentions, it would be impossible to sell our commodities in the United States. He said:

> Unless we put on an embargo against United States beef and pork, they would swamp our market.

That, of course, is logical. That is why our hog prices were established at a floor of 23 cents. Mr. Hannam went on to say:

> We would compromise our whole case in the eyes of the world—because Canada has been a key supporter of freer trade.

Freer trade has been in existence in Canada because this government has reduced tariffs by nearly 40 per cent in the past decade, and it has continued doing so, and is again doing so in this budget.

Mr. Hannam went on to say:

> We could not avoid complete government control and regimentation of agriculture—even to production and acreage controls.

Some hon. members say that they do not believe him, but you cannot deny economics. Mr. Hannam went on to say:

> It would lead inevitably I believe, to more regimentation than our Canadian farmers would be willing to accept.

Everyone knows these things. He went on to point out some of the other pitfalls that we would fall into. Everyone knows these things except people who do not study economics. The people who are in that position just pick up discarded policies that have been thrown away throughout the world, policies that were never workable anyway, except through national support such as they have in the United States, which will eventually have to be discarded. There is no possibility of the Canadian people pulling themselves up by their bootstraps to make such a policy workable. That is why all the people of the world have to be convinced of the crying need of the farmers and that we must have a price to enable us to live, if you would care to call it that. They need such a method to make it workable and to make it possible to have a system that is not so complicated that it will defeat itself in the end. Therefore, the government is concentrating on the farmer's position.

One hears much about the national wealth and what we are to do about it. How are we to create a system that will see that all classes get their share of the national wealth? I do not know of anyone who does not think that he is getting less of the national wealth than he is entitled to. I do not know of any particular industry, occupation, or vocation that does not think along that line, human nature being what it is. Everyone thinks that the other person is better off than he is. One thing you can be sure of, and that is that the farmer is going to demand his fair share of the national wealth. Many things are needed in western Canada, but we have gone without them. I have been living on my farm for 40 years. This fall electricity came into my yard for the first time in those 40 years. The socialist government is advancing the policy established by the Liberal government many years ago in setting up a power corporation. We are responsible for putting that pole in my yard, but it cost me $580, and that is a lot of money in any man's country, especially when we are in the position that the socialists say we are in, in western Canada. The Liberals of Manitoba put in electricity for very much less and are charging half as much as we are charged in Saskatchewan for power, but perhaps that will be overcome in a year or so. Also, out in Saskatchewan no farmers are driving Cadillacs. There is not one in a thousand. There are only 12 modern homes in a thousand in southwestern Saskatchewan. Only one farmer in 10,000 in Saskatchewan takes a trip to Florida, and that was one who went because the doctor told him he had to go. Most of our troubles have been on account of crop failures, and there is no compensation anywhere for lack of crops. There is no one in the world who should have a higher share of the national wealth than the producer. We now have economic commissions all over the country. Every university has its professor of economics. I think we should have a minister of economics in our government. At the same time he could be an economy minister. I think it would be all to the good because you would have someone to co-ordinate matters of production, preservation and distribution, the economy of our country in the future. I think the most important minister in any government in any country would be a minister of economics.

Mr. Small: Better than the Minister of Trade and Commerce?

Mr. Studer: I do not know where you would ever find a better man.

The Acting Speaker (Mr. Applewhaite): Order. I hate to interrupt the hon. member, but it is after five o'clock. I do not think the hon. member means that he wishes to adjourn the debate.

The house will undertake consideration of private and public bills.

PRIVATE BILLS

PENSION FUND SOCIETY OF THE DOMINION BANK

Mr. John Hunter (Parkdale) moved the second reading of Bill No. 209, respecting the pension fund society of the Dominion Bank.

Mr. McCullough (Moose Mountain): Will the hon. member explain the purpose of this bill?

Mr. Hunter: The sole and simple purpose of this bill is to change the name of the society from "The Pension Fund Society of the Dominion Bank" to "The Pension Fund Society of the Toronto-Dominion Bank". Although the explanatory notes explain the reason for this desired change of name, it may be useful to give some further information.

The Bank of Toronto and the Dominion Bank were amalgamated under the provisions of the Bank Act and became the Toronto-Dominion Bank, effective February 1, 1955. Both banks had pension funds, that of the Dominion Bank was administered through the pension fund society of the Dominion Bank, and that of the Bank of Toronto through trustees.

Following the bank amalgamation, it was naturally desirable to amalgamate the two pension funds and full authority for this action was contained in a schedule to the amalgamation agreement which, under the

Bank Act, has the force of law. After full consideration, it was considered that the society was the more convenient vehicle for the amalgamated fund and all necessary steps have been completed to vest the fund of the former Bank of Toronto in the society.

New by-laws governing the amalgamated pension fund have been prepared and approved by the income tax authorities and are in operation as of November 1, 1955. These by-laws, in which the best features of the rules covering the two former pension funds have been incorporated, have been authorized by the board of directors of the Toronto-Dominion Bank. They were also approved and adopted at a special general meeting of the members of the amalgamated fund held at the head office of the bank on Friday, February 17, 1956.

The action of the society in applying for this bill to have its name changed to a name which is now more appropriate to the circumstances was approved at a meeting of the board of directors of the society held on January 25, 1956, and subsequently by a unanimous vote of the special general meeting of the members of the society held on February 17, 1956, referred to above.

This society was incorporated in 1887 by a special act of the parliament of Canada, being chapter 55 of the statutes of that year, and that statute received a minor amendment in 1899 by chapter 112 of the statutes of that year.

Notice of the intention of the society to make application to parliament as above has been advertised in four issues of the *Canada Gazette* commencing on the 7th day of January, 1956, and is being advertised once per week for four weeks in the *Globe and Mail* commencing on the 17th day of February, 1956. No indication of any objection on the part of any member of the society or any member of the public has come to the attention of the society or the bank.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SIGNATURE LOAN AND FINANCE COMPANY

The house resumed, from Friday, March 23, consideration of the motion of Mr. Richardson for the second reading of Bill No. 166, to incorporate the Signature Loan and Finance Company, and the amendment thereto of Mr. Ellis.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, in this bill we are asked to give approval to the formation of another finance company in Canada. I see no need for another finance company in Canada and therefore I am unwilling to lend my support to the passage of the bill.

We have just heard in another debate a windy harangue from the hon. member who represents the constituency of Maple Creek-Swift Current (Mr. Studer) and I notice that he has often complained in this house to the effect that in his opinion the only people in Canada who are worth while are those engaged in producing something useful. His claim, of course, is that socialists are not producers and therefore do not serve a useful purpose. I would like to see him take part in this debate and convince us that finance companies are producers or that they even serve a useful purpose in Canada.

Since the hon. member sits on the Liberal side of the house and waxes very enthusiastic on behalf of the Liberal cause, I take it that he is quite prepared to support the bill before us. I shall therefore be keenly interested in hearing him prove to us how this proposed Signature Loan and Finance Company is going to add one iota to the production of Canada and—

Mr. Studer: Mr. Speaker, I can answer that right now.

Mr. Regier: Mr. Speaker,—

Mr. Argue: Close the barn door.

Mr. Regier: Mr. Speaker, I am inviting the hon. member to make his own speech. I can assure him that I will resume my seat in plenty of time in order to provide him with 40 minutes in which to prove to me how the formation of this company will add another bushel of wheat, another pound of pork or beef or whatever he wishes to see produced, to the economy of Canada. The hon. member complained that he had to spend about $500 and I am very glad that it was through the efforts of the C.C.F. that the electricity finally arrived at his farm.

Mr. Studer: It was $550.

Mr. Regier: He complained that he had to pay $500. I hope he did not have to go to a finance company to get that $500.

Mr. Studer: I certainly could not get it from the Saskatchewan government.

Mr. Regier: I suggest that he could have got it from the Saskatchewan government and repaid it over a number of years at an interest rate which I am given to understand is set at about 4 or 5 per cent—

Mr. Studer: That is not true.

Mr Regier: —and not 24 per cent.

Mr. Studer: That is not true.

Mr. Regier: Mr. Speaker, could I have a little order.

The Acting Speaker (Mr. Applewhaite): Order. I think I should point out to the house that it is legally impossible for two hon. members to have the floor at the same time.

Mr. Studer: Yes. Why doesn't he sit down?

The Acting Speaker (Mr. Applewhaite): The hon. member for Burnaby-Coquitlam.

Mr. Regier: Mr. Speaker, as I was saying, I do not like these finance companies to exist at all. They bleed the Canadian people with interest rates of 24 per cent. I was only pointing out to the house that under a socialist administration arrangements are such that when people must borrow money it can be borrowed and repaid over a reasonable period of years at interest rates of 4 or 5 per cent.

Mr. Studer: That is a naked lie.

Mr. Regier: That is the attitude we take towards the needs of the people. I am told that in Alberta the rate is 3½ per cent. I think the Saskatchewan government, not having the hundreds of millions of dollars in oil royalties of the Alberta government, on a relative scale has a more favourable rate than the government of Alberta which charges as high as 3½ per cent. With the several hundreds of millions of dollars they have they are not sure of what they should be doing.

An hon. Member: They are sure.

Mr. Regier: It has been suggested that we should allow this bill to go through because the people who make up this company should be given equal rights. When something is plaguing me I do not believe in granting equal rights and in welcoming other things of a similar nature to plague me. I do not think the Canadian people would like to see equal rights extended to parasites. We want to see them eliminated. We do not want to see all the people of Canada become victims of this type of racketeering.

I was extremely interested in reading the comments made the other day by the sponsor of the bill, the hon. member for St. Lawrence-St. George (Mr. Richardson), as found on page 2582 of *Hansard*. I have met him on only a few occasions and I think he is one of the most honourable members of this house. I notice that in his remarks he admits the possibility that the people who have to borrow money from finance companies are unfortunate and I would like to compliment him on that attitude. Since he is a member of the legal profession I assume that he is connected with finance companies only in the process of engaging in his occupation as a lawyer. I do not think of his own volition he would have a hand in these things in any way, shape or form. I gather that from his statement to the effect that he thinks the people who must use these companies are unfortunate. He did say, however, that the majority of the directors of any such companies must be Canadian citizens. He said:

> The overriding Loan Companies Act states that the administration of all these companies, including small loans companies, must be only by the board of directors, the majority of whom, as I have said, must be Canadian citizens and residents.

He again comes to the same subject when a little further on he says:

> There are to be five directors, the majority of whom will be Canadian citizens and residents.

That is made to sound as if we might after all be dealing with a Canadian firm. I was pleased to find in the same paragraph as the last quotation that the hon. member made a certain admission because I intended to ask him about it. He says:

> —may I say that the sponsor of the bill is the Merchants Acceptance Corporation, which has carried on business in the New England states since 1909.

In other words, the hon. member admits that the real owner of the company is this United States organization. I am glad he has supplied us with that information because one of the main issues I intended to raise was that we really do not know who is asking us to authorize the incorporation of this finance company. The hon. member goes on to say:

> This indicates that the person, unfortunately if you will, who needs to borrow $100, $150, $200 or $300, can go to this company for such loan on the basis of his personal character and financial integrity as represented by his signature, and as in the case of all of us that would be his warrant for such a loan. That is the explanation of this bill.

I think the hon. member meant to say that that was the explanation for the name that the company has selected. I have no reason to say that the hon. member did not know what he was talking about when he made that statement, but I venture to predict that the Signature Loan and Finance Company, if and when it operates in Canada, will operate much along the lines that other finance companies follow. I have yet to find a finance company in Canada which will lend money on a signature only. They take security in the form of a chattel mortgage or they have the unwritten power to garnishee your wages if you are a wage earner. In the case of a married man all companies insist that the wife as well sign the note. I do not know whether they register these chattel mortgages, but that is their concern. However, I do know that chattel mortgages are widely accepted. I doubt very much the statement that this company is intending to make loans on signatures

only without any other security. The only organizations in Canada that I know of that do that are the credit unions and there are special reasons why they are able to make loans on the basis of signatures only. The hon. member goes on to say, and I quote from page 2583 of *Hansard*, as follows:

> This is not by any manner or means a Liberal measure, a Conservative measure, a Social Credit measure or a C.C.F. measure.

The hon. member is absolutely right when he says that this is not a C.C.F. measure because we intend to oppose this legislation to the best of our ability. I think the hon. member is a little over optimistic in saying that this is not a Liberal measure because when the votes are called I think I can safely predict that there will not be a Liberal member who will vote against this bill. After all, it might be slightly risky for a Liberal member to vote against this bill when it is realized that one of the provisional directors is no less than the president of the National Liberal Federation of Canada. I doubt very much whether any of them are going to have the temerity to so affront their national president.

There is another sentence I should like to consider for a moment, to be found in the same paragraph as the previous quotation. Apparently referring to the Small Loans Act, the hon. member had this to say:

> —the act of 1939 invites people to come here and—

I doubt the accuracy of that statement. I do not find any invitation in the Small Loans Act to anyone to come here to do business as a finance company. The Small Loans Act was enabling legislation, it was not an invitation. The existence of such legislation might seem like an invitation to the hungry wolves who would like to prey upon the difficult financial situations into which our citizens sometimes get themselves; but to respectable people, to those who are producers, to those who serve in our society I do not think the existence of the act would be considered an invitation or should be looked upon as an invitation. The concluding sentence in that paragraph reads:

> People in all parts of the world are being urged to enter our favourable economic climate, and it is no wonder that they want to come to Canada. They feel that they want to do business here.

This is one type of business that we in Canada can well do without. I do not think the Canadian people are inviting them. I can understand that they may want to do business here because they see the loopholes which the Liberal government has left to permit people being rooked with rates of interest of 24 per cent and more.

When I am asked to endorse the passage of a bill like this I like to look to see who is doing the asking. On looking at the bill I find the names of two citizens of the United States of America, Edward James MacDermott and Charles Thomas MacDermott, Jr., both of the city of Worcester in the state of Massachusetts. I know nothing about these and can only assume that they are the owners of Merchants Acceptance Corporation, to which I referred previously. The hon. member stated that the majority of the board of directors and the management must be Canadians who are resident in Canada, so I find three other names, Duncan Kenneth MacTavish, Ronald Charles Merriam and George Perley-Robertson. Naturally I wondered who those gentlemen might be. I have been unable to find anything about Ronald Charles Merriam and George Perley-Robertson, except that they are solicitors in the city of Ottawa.

On looking at the latest copy of the Canadian "Who's Who" I find that Duncan Kenneth MacTavish is a citizen of considerable note, and when he asks us for the right to pluck the Canadian people at interest rates of 24 per cent and more I think we should have a look at who he is and see whether he is worthy of the confidence of this house. Reading from page 673 of volume VI, 1952-54, I find that Duncan Kenneth MacTavish, O.B.E., Q.C., was born in Ottawa, Ontario, 56 years ago, the son of Judge Duncan Byron and Flora. He was educated at Queen's University and graduated from Osgoode Hall Law School and is a partner in the firm of Gowling, MacTavish, Osborne and Henderson. He is secretary and director of Pitney-Bowes Company of Canada Limited; vice-president and director of British American Bank Note Company Limited; director of R. L. Crain Limited; Holden Manufacturing Company Limited; Holt Renfrew and Company Limited; the Southam Company Limited.

I suppose we can expect the Ottawa *Citizen*, which is owned by the Southam Company, to come out with an editorial saying that parliament ought to pass this bill. He is a director of the Ottawa Valley Trust Company, Wallace Realty Company Limited, Imperial Realty Company Limited and Red Rock of Canada Limited, whatever that is. He is president and director of Ottawa Car and Aircraft Limited; he might have some defence contracts there. He is a director of the Personal Finance Company of Canada. I cannot for the life of me understand why he wants to organize an opposition to his own finance company, but he may be a patriotic citizen and think that a little competition for the Personal Finance Company would be a good thing.

He is on the board of directors of the Associated Screen News Limited. He is a member of the board of governors of Ashbury College and trustee of Queen's University. I suppose that university students would be good clients for this finance company. He is a member of the national capital planning commission. He has been elected president of the National Liberal Federation. I suppose that, if the company will make the fortunes that other finance companies have been making, the donation to the Liberal election fund will be a very handsome one.

He read law with Colonel A. T. Thompson and E. F. Burritt, Ottawa; he was called to the bar of Ontario in 1926 and the bar of British Columbia in 1950. He was made a K.C. in 1937. He is in an organization called Zeta Psi; I do not know what that is. He is a Liberal and he is a Presbyterian. I did not think that Presbyterians allowed any church members to be on the board of directors of a finance company. However, be that as it may, for his recreation he plays golf. He belongs to the Rideau Club, the Country Club and the Royal Ottawa Golf Club. He has a home—incidentally, I do not know when he has time to go home, but he has a home—at Thorold road, Rockcliffe, Ottawa. He has an office at 88 Metcalfe street, Ottawa.

After reading that amazing list, I just wondered what his occupation might be, and so I had to take the supplement. I am rather fussy about these people who receive the right to take out of the pockets of Canadian citizens these exorbitant rates of interest, and therefore I think I should pay some attention to who they are. I find in the directory which is a supplement to this "Who's Who" that among the many occupations he lists himself as being engaged in law. I do not know where this man is going to find time to administer another finance company. I am very suspicious that the two Americans named are the ones who are going to operate this finance company and that any Canadians who might be on the board will be on it only in a very nominal manner in order to comply with the provisions of the act, which says that, out of a board of five, at least three must be Canadian citizens and residents in Canada.

Unlike the hon. member for Swift Current-Maple Creek (Mr. Studer), who says that the socialists exercise no influence in Canada, I feel that the socialists exercise a tremendous influence. A year ago this whole subject of these finance companies was first raised in this house by the hon. member for Assiniboia (Mr. Argue). In the issue of *Saturday Night* for March 17, 1956, there is an article headed "Tightening Up on Small Loans" by Logan MacLean, which is very well written indeed. He makes the following statement in relation to my argument that not another finance company is needed:

> Licensed lenders at the end of 1954 had some $219 million of loans outstanding, including $88 million of less than $500.

We raised the issue last year, and we got such an excellent reception from one end of Canada to the other that this year the minister himself has seen fit to make some moves in the right direction. I am not permitted at this time to discuss Bill No. 51. However, when the hon. member says that we serve no useful purpose in our protestations, I want to say that in this instance, with this bill and other bills like it, I think we have served a very useful purpose. The article in *Saturday Night* shows that the interest rates on $1,200 for 12 months will have been reduced from $156 to $109.50, or a saving of approximately one-third. Taking the figures of the loans outstanding now, I think the C.C.F. is responsible for saving the people of Canada in interest alone, with even the limited measure of reform that we are getting this year, a sum in excess of $1 million each and every year henceforth.

An hon. Member: Don't let your imagination run wild.

Mr. Regier: Someone says not to let my imagination run wild. I might say that, if it were not for the C.C.F. members in this house, the imagination of the many sleeping members of the Liberal party would run very wild indeed.

Some hon. Members: Oh!

Mr. Regier: I have said what I want to say, Mr. Speaker. I do feel that the hon. member who has volunteered to be the sponsor of this bill is personally in no way to blame. I feel very resentful that the president of the largest political movement in Canada should associate his name in any active role at all with finance companies, and particularly with the formation of additional leeches on the Canadian people. I want to register my opposition all the way along the line to the formation of another finance company.

Mr. Roland Michener (St. Paul's): Mr. Speaker, this is a motion for second reading of Bill H-5 from the other place, and I understand it is to be referred to the banking and commerce committee. The petitioners whose names are given in the bill, Edward James MacDermott and Charles Thomas MacDermott, Jr., both of the city of Worcester in the state of Massachusetts, Duncan Kenneth MacTavish, Ronald Charles Merriam and

George Perley-Robertson, of Ottawa, and others, have brought forth a bill which, as has been explained by the sponsor, is in proper form. In supplicating parliament for incorporation by this method, they are not only following the approved method but are within their rights in every respect. The question is, then, how the matter should properly be dealt with in this house.

The merits of the case, as I see them, should be dealt with after the petitioners have had the opportunity of presenting those merits to the banking and commerce committee. If we were to attempt to prejudge the issue here on second reading and, as has been suggested, defeat what is brought forward in proper form and in accordance with proper rights, then we would in effect be making our decision before hearing the evidence, which I am sure no fair-minded member of the house would wish to do. It would be like what, I am told, has sometimes been done by an inexperienced magistrate. Coming to a conclusion after hearing a plaintiff and being advised that he could not render his judgment at that time, he heard the defendant and then decided the case in the opposite way. We will have an opportunity, to which I for one will look forward, of hearing these petitioners present their case. I look forward to it because I should like to know what the case is for further use of United States capital in the small loan business in Canada. That is an issue which might be debated but I submit it would probably be better debated after we have heard the purposes advanced by the petitioners. We could, I suppose, spend considerable time debating the whole question of small loans, interest rates and collateral issues that are before parliament in other ways, but that does not strike me as being a useful expenditure of our time at this stage. We could debate the narrower question of whether there are enough companies in the small loans field now, but I submit that would be better debated after we have heard the petitioners.

A bill of this kind is not a government measure but is brought forward in the ordinary course of the rights of a citizen to petition parliament for incorporation, and therefore it seems to me that the only proper course to follow is to let the bill go forward to the banking and commerce committee where we shall hear the petitioners. As I say, I look forward to hearing these particular petitioners because their names and places of residence arouse an interest which I am sure evokes a full inquiry as to the purposes and merits of the proposition which they will then ask parliament to accept.

[Mr. Michener.]

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I want to add my voice to those who have expressed their opposition to the incorporation of another small loans company. I think that in Canada we have had enough of the kind of treatment that forces poor people in unusual circumstances to go to these loan sharks incorporated under charters similar to the one proposed in this legislation which we are now discussing. The first and most lasting education I got in Sunday school comes from something that I recall most vividly, the picture of Jesus driving the moneychangers out of the temple. From biblical times right down to the present day methods have been followed throughout the centuries by which our common people, our little people, have been exploited by another class regardless of whether or not that class was a minority.

Under charters of this type individuals are given the right to prey upon people of this dominion when they are most in need of a better form of assistance. I want to join with others who supported the hon. member for Assiniboia (Mr. Argue) when he first brought before the house a year ago any active opposition to this type of company. Since that time there has been more recognition throughout Canada of the fact that many of our people with small incomes, people who are in the most straitened circumstances, have to go to companies with such charters as the one being sought at this time. While our group may be small, while our influence may not have spread sufficiently throughout Canada to bring about widespread opposition to this sort of thing, I am quite sure it has been effective in moulding public opinion with regard to the fact that a rate of interest of 24 per cent is much too high to charge people at any time but more particularly when they are in dire need. I support the hon. member for Assiniboia and other members of the house, not only of this party, who are prepared to get up and try to bring to the attention of the government that we need a different type of legislation in order to meet the requirement for loans of people who are in dire need.

Contrary to what the hon. member for Swift Current-Maple Creek (Mr. Studer) said earlier this afternoon, in my opinion this party is having a tremendous influence on the thinking of people throughout Canada, and while we do not win every victory we are still prepared to get up and say what we think. I believe that in this instance we have something on which public opinion in Canada should be focused. I am not against any particular company. I am against the principle of anybody having to pay 24 per cent interest

on any type of loan and more particularly when they are in dire circumstances.

By way of argument, I suppose, against the views put forward by the hon. member for Assiniboia and others in the house against the present practice, certain loan companies have undertaken to put up a defence. I have here a little pamphlet issued by the Niagara Finance Company Limited. It is very interesting from the point of view of what they have to say in support of their argument and the methods they follow in making loans to people. In the foreword to the little booklet they say:

Reputable lenders—

They take it upon themselves to say they are reputable. I suppose that is because they have a charter and therefore they feel they are reputable. I do not think that sort of statement would be swallowed by all of us. I do not want to attack them personally but I certainly attack them on the matter of principle. I do not think it is reputable for anybody to demand that poor people pay 24 per cent interest. The foreword has this to say:

Reputable lenders, such as Niagara Finance, have hundreds of unsolicited testimonials that tell the real story of the value of the lender to his community. Sometimes the stories are poignant, sometimes amusing, often they leave us with a real sense of satisfaction.

I suggest that the greatest satisfaction these companies get is from their interest charges. In my opinion the most significant testimonials will come from people who have bought on time, had to go to a loan company to get a short term loan and finally have lost their furniture, their home, their equity in whatever they may have bought. The foreword goes on to say:

On the other hand, our industry has been the target for unjustified criticism by uninformed people who have never felt the need for, nor used, the service provided by companies such as ours.

Again I want to say that I do not think the criticism against this type of lending, launched particularly by members of this group, is unjustified. I question too that the criticism is uninformed. I do not think you need to have been in the position of obtaining a loan from one of these companies in order to understand what the effects are in the case of many of the people who obtain these loans. It is just as silly as to say that you have to be a hen in order to know how to boil an egg. The pamphlet then proceeds to try to describe why people borrow, and I think this is significant. It has this to say:

Frequently, when families are faced with emergencies requiring ready money (illness, accidents, expensive repair bills for cars or homes, taxes, etc.), they find it necessary to reduce payments for such outstanding bills to smaller, more easily handled amounts.

I suggest it is a pretty facetious argument to suggest that if people take their bills, go to one of these loan companies and agree to pay 24 per cent, it will be any easier for them to repay what they owe and take care of their indebtedness. On the contrary, I suggest that such people are perhaps pledging their future to these companies and will be in direr straits than ever. The pamphlet goes on to say:

The unvarnished truth is that people want to keep their credit intact and pay promptly. If they do not pay promptly then there is a penalty exacted from them . . . worry! Doctors in candid moments say it's more harmful than tuberculosis, the common cold or any other infectious or contagious disease.

Again, what a silly argument to make! If there is any worry involved it arises when people find themselves in the position of having to go to one of these companies to obtain a loan as a result of which they know that when they get their pay cheque they are going to have to make a payment month by month on the loan and if they do not pay there will be a severe penalty. They know that they are faced with a situation where they are going to have to pay 24 per cent interest. So rather than being of any assistance to them, again if the doctors' statements are true that worry is one of the worst things facing people, these companies certainly add to that sort of condition.

Here is a very important matter. This company in particular goes out of its way to attack what, in their opinion, is one of the more important types of organization we have in this country, namely the credit union. Here they say:

Credit Unions . . . Such organizations are often formed in large plants, factories, or among social or community groups. They have the advantage of being run by the members, and their administration and other costs are therefore low. They contribute virtually nothing to the public treasury. They have comparatively no taxes to pay. They do not lend to the general public; they exist to serve their own membership. Be careful not to overlook the fact that operations of credit unions must be restricted to groups with close "community of interests". They can offer low rates of charge only because they are tax-free, can use voluntary staff and usually have rent-free or very low-rent accommodation.

Mr. Speaker, I have had some experience with credit unions because in the province of Saskatchewan we have perhaps more than there are in any other province in the Dominion of Canada. I think it would be interesting to the members of this house—

Mr. Richardson: Mr. Speaker, I rise on a point of order. I am normally a patient man, as I think are most of the hon. members here. One does not mind remarks that are relevant to the issue. But when we are dealing with

credit unions specifically, is that not getting a little bit far away from this bill that has been presented here?

Mr. McCullough (Moose Mountain): Mr. Speaker, I do not think that the hon. member has a point of order. Here is a pamphlet put out by a company which is incorporated under a charter of the type which we are discussing. They made an attack on certain institutions in this country—

Mr. Richardson: Mr. Speaker, I rise on another point of order.

Mr. Speaker: Before the hon. member for St. Lawrence-St. George (Mr. Richardson) discusses the point of order further, may I suggest that the hon. member for Moose Mountain (Mr. McCullough) get a chance to explain.

Mr. McCullough (Moose Mountain): Mr. Speaker, we are here discussing whether or not it is advisable for this house to give the right of incorporation to another small loans company. I submit that the arguments pro or con, in favour of or against that argument, are relevant to this discussion. I am trying to place before the house a pamphlet put out by one of these companies as an argument that the existence of certain companies—

Mr. Richardson: Mr. Speaker, I rise on another point of order.

Mr. Speaker: This is precisely the point on which I want to listen to what the hon. member for Moose Mountain has to say. This is the second time that he has almost reached that point. I should like to hear him. I want the hon. member to continue from the point where he said that this is a pamphlet issued by one of these companies and in which some corporations are being criticized.

Mr. McCullough (Moose Mountain): Just a moment ago, Mr. Speaker, I said that this document is put out by a small loans company. Of course I am against the incorporation of this company. I am submitting to the house what I think would be a better alternative to this type of financing. Rather than that this government or the members of this house should support the idea of the incorporation of another small loans company, I am putting before this house what I consider to be an alternative type of financing. This proposition that I am putting forward is attacked in this little pamphlet which I am discussing at the present time. First they say that this group contributes virtually nothing to the public treasury.

Mr. Richardson: May I now rise on a point of order?

[Mr. Richardson.]

Mr. McCullough (Moose Mountain): Mr. Speaker, I do not feel that I should be interrupted.

Mr. Speaker: I want to hear what the hon. member has to say further to the point he raised a moment ago. After I have heard the explanation given by the hon. member for Moose Mountain, I shall be in a better position.

Mr. Richardson: I apologize to you, Mr. Speaker, and to the members of the house for rising if I appear to be interrupting the hon. member for Moose Mountain. But I wanted to save him the embarrassment of making an inaccurate statement if the report of the superintendent of insurance is accurate and in which are given the names of the small loan companies as of December 31, 1954. That is the latest report.

Mr. McCullough (Moose Mountain): On the point of order, Mr. Speaker, may I say that I never made any such statement or any type of reference to that report.

Mr. Richardson: My point of order was that not once but twice and I think the third time I heard the hon. member say that Niagara Finance Company was a small loan company. Mr. Speaker, there are only four small loans companies as reported in the report of the superintendent of insurance; and in the booklet which I have here the name of the Niagara Finance Company does not appear.

Mr. Knowles: Is that a point of order?

Mr. Speaker: Are we discussing the Niagara Finance Company?

Some hon. Members: No.

Mr. Speaker: Not at all. I take it that what we have before us now is a motion for the second reading of Bill No. 166 entitled "An act to incorporate Signature Loan and Finance Company". Perhaps the hon. member for Moose Mountain could devote his attention to the motion for second reading of this bill. There is an amendment which has to do with the six months' hoist. The intention of it is to kill the bill. It would seem to me that the hon. member should not discuss an alternative proposal—he aims at killing the bill by the amendment that is before the house—if his remarks are to be relevant.

Mr. McCullough (Moose Mountain): Mr. Speaker, I was not proposing that this chamber at the present time accept the alternative, but I think there is an alternative. I felt that within the scope of this discussion I might be able to indicate that I felt there is an alternative method of providing short-term loans to people by means of which they would not be required to pay this exorbitant rate of

interest which is charged by the type of company which is asking for incorporation by parliament at this time.

In defence of the credit unions—if they should need any defence—I want to say that we have a community effort on their part, with no usury and no exorbitant interest rate.

Mr. Speaker: May I suggest to the hon. member that we have already had discussion on this type of loan legislation, during the course of which hon. members have put forward the benefits to be derived from credit unions. That discussion has taken place on a private bill moved by an hon. member of this house and also on a government bill. In that discussion latitude was given. Now that we are dealing with this private bill, it seems to me that we must direct our remarks to the principle of the bill.

Mr. McCullough (Moose Mountain): Mr. Speaker, I think I have given the reason for my participation in this debate. It is certainly to register my complete opposition to the bill. I feel that what we are aiding and abetting here, if we allow the incorporation of this company, is just one more small loan company with the privilege of exploiting the hardship and the difficulties that the Canadian people suffer at this time. Rather than that this government or any member of this house should allow such a thing to take place, I think it is expedient that we give consideration to those methods which would give better standards of living to our people. Particularly at this time, when it seems that there is greater and greater need for credit in this country, I think some measure should be found as an alternative. Already this session there have been five bills dealing with increased lending facilities for many classes of the Canadian people. Small loans companies generally do not carry on very much business in my constituency except in one or two of the larger centres. However, I do feel that in protesting against this bill I am speaking for the large cosmopolitan areas where there are slums and where we find many people in the low income brackets are becoming victims of this vicious system. Therefore, I want to protest in the strongest way I can.

Mr. Richardson: Mr. Speaker—

Mr. Speaker: Does the hon. member wish to take part in the debate on the amendment? He has spoken already. If he has spoken, he cannot speak now.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, a little earlier in the debate the hon. member for St. Paul's (Mr. Michener) spoke of the reference of this measure to the banking and commerce committee and said on that occasion he was looking forward to seeing and meeting the sponsors of this bill, because, in his words, "their names excited interest". Well, Mr. Speaker, the only sort of interest their names would excite in me would be rather a macabre one.

Sir, perhaps I am old fashioned. I was reared in a different sort of world when we called things by their real names before we became so very delicate as we have become in recent years, so delicate, shall I say, as to call undertakers morticians, and so forth. In the world in which I was brought up money lenders were called money lenders. They were not glossed over as lending institutions, even approved lending institutions, or small loans companies. They were money lenders and no one even pretended that they were respectable members of society. They were considered by all respectable people as being a rather disreputable element in the community. I suggest to you, sir, that if we would continue that practice of calling things by their real names those people might not be deluded into supporting some of the measures that come before us.

I am interested, sir, in the light of the exuberance of the statements of the Minister of Finance that we are in a booming, bouncing economy, to notice the ability that this sort of people show in trying to get into the small loans business, because we had better not close our eyes, Mr. Speaker, to the fact that they are coming in for one purpose and one purpose only, and that is to fatten on misfortune. It is no good the sponsors of this bill pretending that these people are coming in to perform a public service. It is the same sort of service that hyenas and vultures perform; and if there were not in our community a growing number of people who find that their regular sources of income will not pay their regular living expenses, then those people would not be so anxious to get into the field. There would not be the competition to get licences and charters to do business among the unfortunate members of our society, because those people must all be classified as unfortunate. Some of them, of course, may be unfortunate merely in the fact that they are not bright enough to realize that those so euphemistically named organizations are nothing more or less than the old-fashioned money lenders, the sharks. It is unfortunate that they are so unintelligent that they do not realize that. The vast majority, however, are unfortunate in a plainer and more readily understood manner. They are unfortunate in that they do not get enough money to live on. And they are driven at some point or another by some misfortune,

sickness in the family, or loss of a job for a short time, into the hands of those benevolent philanthropists who are there just waiting to lend a helping hand to their less fortunate citizens.

Now, you have suggested, sir, that it is not in order in the course of this debate on this amendment to give the bill a 6-months' hoist to suggest alternative measures of meeting this evident need in the population; therefore, I must refrain from pointing out, as some of my colleagues have done, that there are alternatives if we have to seek alternatives in this particular field. I would myself much rather see the government devoting itself to a more positive cure of this situation, a cure that would ensure that the incomes of the Canadian people were sufficient to meet their living expenses. There are, of course, a number of ways in which that could be done. One would be, perhaps, to curtail some of the incomes that are so cherished by the Minister of Finance and his colleagues and distribute the proceeds in the form of increased family allowances and increased old age pensions. But I do suggest, sir, that to attempt to cure an apparently chronic state of impecuniousness on the part of a vast number of our people by allowing old-fashioned money lenders, sharks, to get into the field with the blessing of this parliament and to fatten on that misfortune is a disastrous policy for this parliament to pursue. I would like to see this parliament very firmly put a stop to any more expansions in this disreputable business, and to take proper steps to eliminate the need of this by additions to the incomes of the ordinary citizens of Canada.

The other day the hon. member for Trinity (Mr. Carrick), when speaking on this measure, drew the rather ludicrous analogy between such an organization as the Aluminum Company of Canada and this money lending organization which he was championing.

Mr. Carrick: May I interrupt the hon. member? I have never spoken on this measure.

Mr. Cameron (Nanaimo): It was the other related measure. However, I think it is relevant to this type of suggestion. He suggested that the objections we have made to this bill to the effect that United States capital is coming to Canada to borrow Canadian funds to lend to Canadian citizens would be equally relevant to such an organization as the Aluminum Company of Canada, which, as he rightly says,—

Mr. Speaker: Order. I call it six o'clock.

On motion of Mr. Cameron (Nanaimo) the debate was adjourned.

[Mr. Cameron (Nanaimo).]

Mr. Speaker: This house stands adjourned until 2.30 o'clock tomorrow afternoon.

Mr. Knowles: I suggest we come back tonight, Mr. Speaker.

Mr. Speaker: I am sorry; like many of us, I am anxious to get into the Easter recess. As it is six o'clock I do now leave the chair. I hope everyone will be here with me at eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. W. E. Harris (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, and the amendment to the amendment of Mr. Coldwell.

Mr. Studer: Mr. Speaker, at five o'clock we were discussing a situation in regard to the economy in general and in regard to the farming population in particular. In the 13 minutes or so that are left to me I would like to offer a few more comments and to suggest again that in this economic world in which we live one of the most important folios of any government at this time would be to have a minister of economics. We are living in the age of automation wherein machinery is taking the place of the labour that was formerly involved in the production of goods and services. To have such a portfolio would be advisable and of advantage. I think he would be one of the busiest ministers in our government if a portfolio such as that were to be established.

What are the objectives of this government in regard to farming? Well, the objective is to learn from the experience and the policies of all countries and to determine what has been detrimental or objectionable to the farmers' interests. What this government is trying to do is to eliminate the objectionable features of all other policies in all countries and to utilize the beneficial features that have been incorporated in any existing policy and all the policies throughout the countries of the world which have been of advantage to the farmers.

This government proposes to use the floor price structure, the Agricultural Prices Support Act and subsidies where necessary, and whatever might be beneficial in the parity price structure. The government intends to utilize all these measures and incorporate

them into one overwhelming policy, if I might call it that, which would be greatly beneficial to the farmers of this country. In doing so this government wishes to have the support of all opposition parties and all the people in Canada. Only a government such as this is capable of doing the job. This government has the interests of the farmers at heart and it has the support of all the people of Canada. Only such a government can formulate these policies and make them effective. There is no hope anywhere in a puppet or splinter government or a government that is local or operative in one province or which has only the support of people in various small sections of Canada. We have to have a government which has the support of people throughout Canada in order to make effective the beneficial measures which we hope to bring into effect. These would be of benefit not only to the farmers but to people of all occupations and classes in Canada.

We have had many speeches concerning duties and tariffs. The government is progressively reducing tariffs. It has removed them from machinery and repair parts in this budget; but we farmers will make a deal with this government and with the people of Canada. If they will remove the entire tariff structure which exists in Canada today, then we farmers will not ask for any consideration or subsidies or anything else from this government. We will be prepared to meet competition throughout the whole world. The farmers will be able to produce more in a free economy as opposed to a tariff economy. I think that would be accepted anywhere, Mr. Speaker. As the result of that we could go forward from here and formulate these policies if we have the support of the people.

In connection with a tariff economy I would suggest that the farmers themselves cannot win in a tariff battle because they are overwhelmed with regard to voting strength throughout the country. We do insist, however, that the rest of the people of Canada give consideration to the situation in which the farmers find themselves and eliminate any extra burdens which the farmers may carry through any policy that may be in evidence here in Canada. The problems of farmers never seem to end, but if they ever do end this government will be responsible for ending them. Here again I ask for the support of the Canadian people. All is not lost in Canada. We are more or less in a period of transition wherein we are moving from an agricultural economy to an industrial economy. Perhaps in the over-all picture as a result of increased industrial expansion and increased wealth the farmers can depend for their subsistence more on that type of economy than they could if we had a depressed economy. It is in the interest of the farmers and of all the people in Canada to have the entire economy come to the assistance of agriculture when that is necessary.

All is not lost in Saskatchewan, either, because industry is supposed to be coming into Saskatchewan; at least the premier of Saskatchewan is telling us about it every day. I think it should because I notice that even the licence plates for Saskatchewan automobiles are made in Manitoba. If industry is coming into Saskatchewan in the face of the Regina manifesto which reads, "We will not be content until the capitalists have been eradicated," and with that sword of Damocles—how do you pronounce that name, anyway?—hanging over their heads, then a situation must exist in Saskatchewan which is not in evidence anywhere else. If industry is coming into Saskatchewan under those conditions then there must be a conspiracy between that psuedo-socialist government of Saskatchewan and the capitalists to eradicate not the capitalists but the socialists in Saskatchewan. The socialist government has a secret alliance with the capitalists to eradicate the socialists in Saskatchewan and the purge is on. It began in Swift Current last fall at a nomination meeting in which the only real socialist in the government of Saskatchewan was purged. He did not receive the nomination in Swift Current last fall for the socialist government. My Tory friends are quite vocal here. I would like to suggest to them that they dissociate themselves from the socialists out in Saskatchewan. They have nothing in common. Their ideals are not only contrary but absolutely contradictory to the ideals of socialism.

There is a saying that politics makes strange bedfellows and there is nothing stranger than what is taking place out in Saskatchewan. The Conservatives have been in bed with the socialists so often that no one knows to whom the bed now belongs. I would suggest to those Tories that when they get into bed with them, as they do so often here in this house, they pull down the shades and pull the sheets over their heads so people cannot see who they are.

The Karl Marx juniors on the left side should get up and stipulate what is going on out in Saskatchewan and they should state whether or not they are socialists.

An hon. Member: Your time is up.

Mr. Studer: I have five more minutes. I would suggest that the hon. member for Kindersley (Mr. Johnson) make a socialist speech in the house and forget all about the secession talk out in Saskatchewan. Imagine

the hon. member for Kindersley leading the secessionist revolutionaries here to Ottawa asking the government to set up a socialist monarchy out in Saskatchewan so that they can develop their own, and we will have to send all the box cars we are now using for grain out there with relief to keep them happy.

Let Karl Marx junior from Assiniboia get up and make a speech saying that he is in favour of socialism. Let the hon. member for Kindersley also make a speech regarding the abolition of the Senate. I think that would be a fine topic for the hon. member to discuss. And let Karl Marx junior from Assiniboia tell us about how he is in favour of socializing everything except the farms—because he owns a farm.

Mr. Speaker: Order. The hon. member's time has not expired; he still has until 8.15 if he wishes to continue, but he should not refer to hon. members as "Karl Marx junior" from so and so, but as the hon. member for such and such constituency.

Mr. Studer: I would be glad to do so, Mr. Speaker, but I thought they would be proud of it. All we are interested in is hearing some real down-to-earth, honest-to-goodness socialist speeches in the House of Commons. No wonder the president of the socialists in Saskatchewan, who is a teacher of English socialism in the University of Saskatchewan, Carlyle King, was pleading with the socialists to please make a socialist speech so the people of this country will know what you are and whether you are socialists or merely capitalists in disguise. Hon. members to my left frequently ask the Liberals to make speeches. We are all looking forward with pleasure, as are all the people of Canada, to hearing these hon. members make socialist speeches so the people of Canada can determine what they are.

In conclusion, Mr. Speaker, I would say that this is a good budget. It ensures progress for Canada, in which we are all interested. It ensures benefits to all of the people. Nowhere in any country are there greater social services; nowhere in any country has a system been devised where we can produce to a greater extent. Nowhere in any country are there greater exporters. Nowhere in any country is there greater leadership. Where is there a greater country? Where is there a greater future? Which all adds up to this: There is no substitute for good government, there is no alternative for good government. This government has proved in the past, in the present and will in the future, that there is no end to good government.

[Mr. Studer.]

Mr. Castleden: Mr. Speaker, on a question of privilege, this afternoon the hon. member for Regina City (Mr. Ellis) referred to the budget as a do-nothing budget and he said he was opposed to it, but it seems that about six o'clock his wife presented him with twin daughters and I think he should be congratulated.

Mr. Michael Starr (Ontario): Mr. Speaker, in all the accounts that have been written or spoken about the budget presented a week ago I cannot find where anybody, even friends of the government, has said that it is a good budget.

Mr. Studer: I said it was.

Mr. Starr: There were many things in it, but the most significant thing to me is that it has been accepted by everybody as being a formal government announcement that there will be no election this year. I think this is a feature which even the most ardent supporters of the government will deplore. The reason for the no-election assumption is obvious. For many years now we have had an election budget in every election year and it has been taken for granted that the long-term strategy of the government is to manipulate the taxes of Canadians to suit the purposes of the party in power. It does not matter how callous we may become to this sort of thing, it does not matter how it may be justified even in some minds as practical politics, I am sure that it does not increase anybody's respect for the government or the law of the land, and the budget is a part of that law.

If next year is to be an election year then I suppose we will have an election budget again. There is disheartening evidence in the figures placed before the house by the Minister of Finance (Mr. Harris) that there has been deliberately built up this year a surplus of revenue to provide funds for the political purposes of the party in power in the next election year. The Minister of Finance gave recognition to this surplus in his remarks to the house a week ago tonight. He excused it by pleading that it made sense in good times to budget for such a surplus. However, he made no reference to the fact that this excuse is completely opposed to the budget policies and pronouncements of recent good years.

Apart altogether from the callous acceptance of partisan demands as the basis for budget decisions by this government, there are other factors which tend to make this deliberate government practice entirely reprehensible to many Canadians. Some years ago this sort of thing might have been excused as good political sport, but times have changed. The money which the government is now jockeying around from election to election represents

one-fifth more or less of the entire productivity of all the people of Canada. What the government does about this one-fifth of our money from year to year vitally affects the whole course of the economic development of this nation. Under the present government this tax grab, to use a common phrase, has been acknowledged as part of the relentless policy of centralized government control. Taxes which were once regarded only in the light of necessary government revenue are now openly manipulated at the will of the government to force the current doctrines of the ruling economic group in Ottawa upon the nation. This use of the taxing power, developed during war emergencies, may have had some temporary justification, but it seems to me that its extension into normal times has led inevitably into its extension into the realm of party politics. Surely this is going beyond the best judgment and the best conscience of what our people expect from their national government.

There are serious drawbacks to the general economy, and by that I mean the future of Canadian development, in this hard-fisted and hard-boiled approach to budget decisions. For one thing, the economic theories of the ruling group are not entirely consistent from year to year. The result is that the planning of businessmen become subject to annual guessing about which page of what theorist the Ottawa group happens to be studying.

For some time we have been told that this government believes in free trade with a capital F and a capital T. We have read some rather funny, but certainly very positive, statements by representatives of the government at meetings of GATT and in lectures to spokesmen for the textiles and other industries who have come to Ottawa suggesting that there are times and occasions when this belief in free trade at all costs might be modified when this or that Canadian industry finds itself in serious trouble.

We will all recall the insults which were thrown at the representatives of the textile and other industries who were told in no uncertain terms that they would not be asking for protection if their own industrial management was as efficient as the Ottawa theorists thought it should be. There were many Canadians who did not agree that this all-out free trade position made much sense in the light of the facts of international marketing, but most people I think gave the government a measure of credit for what appeared to be a sincere if misguided adherence to a rather odd economic theory.

The new budget removes even that belief in the sincerity of the government in this matter. It includes what I am told is the most complete reversal of form in the whole history of government dabbling in economic theories. I refer to the drastic measure of protection now offered to the magazine industry. Without going into the merits or demerits of the specific industry concerned, some generalities are obvious.

First, this is protection in the most drastic form. It is a tax designed to penalize the non-domestic sector of an industry in order to divert revenues to the domestic industry. I do not say that this is necessarily a bad principle, especially if it can be shown that a Canadian industry could not survive without this protection.

Second, the nature of the tax makes it a form of censorship. Its purpose is clearly to influence the type of publication which Canadians are to read. It is a clear-cut infringement of both free trade and a free press.

Third, it is the very worst sort of public relations that a young, expanding country can have. It labels Canadians in the eyes of our most important customers abroad as being small-minded parochial people who are afraid of the import of ideas, particularly American ideas. It makes a complete mockery of the huge expenditures by the government's tourist department who are trying to persuade Americans that they are welcome here in Canada.

I mention these aspects of this extraordinary tax, not to attack it as such but rather to point out the amazing about-face of the government on the whole question of protection. It has denied protection, in very high-sounding and self-righteous terms, to industries that needed protection far more than the thriving magazine industry. It may be of interest to note also, for example, that the current issue of the *Financial Post*, which carries an account of the budget, also carries an article headlined "Magazines Increase Ad. Sales". It states that Canadian magazines sold $17·4 million worth of advertising last year, which was an increase of more than $1·3 million over the previous year. That is an increase of 7·6 per cent in revenue.

In spite of this fact, the Minister of Finance had this to say about his amazing excursion into the field of protection:

> The long-run continuation of Canadian magazines appears to be jeopardy.

I cannot believe that the minister meant that seriously. The facts of the matter are that the long-run continuation of Canadian magazines is not in any jeopardy whatsoever. We have Canadian magazines that have achieved circulations and revenues in recent years that are far greater than ever before in the history of this industry. They have

done so because they are good magazines, well edited, efficiently run and giving the Canadian people what they want to read.

The minister, in spite of the facts of the situation, says that what he calls very exceptional measures can be justified. How can these measures be justified? The facts are all to the contrary. Industries which have been steadily losing sales have been denied relief for years. Now, one which is increasing its revenues is given a degree of protection—a 20 per cent levy on revenues—which is unmatched for severity in the recent history of protective taxation.

I have no brief for or against Canadian magazines. I read and enjoy several of them, both in the general field and in special trade fields in which I am interested. They are doing a fine job. Two of them, *Weekend Magazine* of Montreal and the *Star Weekly* of Toronto, have in recent years developed national circulations of about a million each. No United States magazine has done so well comparatively in its own field in this period. This is not a depressed Canadian industry. On the contrary, it is a thriving, prosperous example of Canadian enterprise at its competitive best.

Yet we have this industry drastically protected. Why? The minister suggests that the decision has something to do with preserving Canadian culture. That is a laudable objective. Will the government, then, protect private Canadian radio stations against United States owned radio programs which are being brought into Canada by its own agent, the C.B.C., and which in turn are diverting advertising revenues from Canadian radio stations? Will it tax the Canadian editions of the New York *Times* and the *Times* of London, which are also owned abroad but are diverting advertising revenue from Canadian newspapers? Will it tax United States and British movies which are now diverting advertising revenues from other Canadian media? Surely it would be logical to do so, if there were any logic whatsoever in this bombshell of an excursion of the government into high protective tariff legislation.

Many Canadian businessmen are disturbed about the effects of the inconsistency of this action on foreign investment in Canada. Surely the owners of United States magazines who have invested heavily in Canadian editions were entitled to believe that our government was sincere when it said its policy was international free trade. Their investments were based on good faith in our word. How much faith can they, or any other United States businessmen, have henceforth in the declared policies of any Canadian government?

[Mr. Starr.]

I do not like to impute motives. I am more willing to believe that this protective tariff venture is rather a budget "boner", attributable to the credulity of the minister, than a form of special protection for the government's propaganda machine. I sincerely hope that the minister and his advisers will be able to excuse it in this light. The alternative viewpoint strikes too deeply at the roots of political decency to be tenable even by a political opponent of the government.

Yet, no matter how we view this amazing about-face on free trade, it cannot be fairly considered without reference to the things the budget did not do. The spectacular nature of the one invites speculation about the others. The long-outmoded luxury taxes are left unchanged, in spite of the evidence of the figures placed before this house by the minister that some of these taxes could have been reduced without the loss of a single cent in revenue to the government. Two specific cases will explain just what I mean.

A year ago there was a reduction in the automobile luxury tax from 15 per cent to ten per cent. The minister at that time informed this house that this would cost the federal treasury in the neighbourhood of $26 million. The figures he gave the house two weeks ago show that the actual result has been a gain of $8 million to the treasury.

The cigarette tax is another example. I read the brief of the tobacco growers on this matter. It was supported by the expert opinion of leading economists. It showed that excessive taxes had cost the industry and the treasury millions of dollars. It also proved, citing facts and figures from the government's own estimates, that the tax reductions of 1953 and 1954 had increased federal revenues and that a reduction this year would do the same. It is easy to say, of course, that this is only the opinion of the growers, but the facts are that for several years now the growers have been right and the Department of Finance has been wrong.

These are but two examples. With them in mind, surely it is reasonable, even for a layman, to wonder if there are other taxes which are being held at high levels for no other reason than that the Department of Finance, having built them up as a result of wartime patriotism, now refuses to reduce them, regardless of facts, regardless of fairness, and regardless of their limiting effect on the growth of our Canadian economy. The great Chief Justice Marshall of the United States once said that the power to tax is the power to destroy. In a lesser degree, but too often forgotten, it is also the power to harass, restrict and bedevil the normal growth of a national economy.

There is no evidence whatsoever in the budget of a realistic examination of the tax structure in the light of the basic needs of our whole Canadian economy. Such an examination is regarded by the majority of our leading economists and businessmen as long overdue. But no such examination appears to be within the remotest realm of possibility, under the present government or the present regime in the ministry of finance. This year it could not be done because it was not an election year. Next year it will not be done because budget changes will have to be related to the political requirements of a forthcoming election.

I am not, Mr. Speaker, privileged to speak for any political party. But I do say that there are those on this side of the house who are close enough to the Canadian wage earner and consumer and who have some knowledge of business, even if it is not big business, to promise that when we sit over there we will raise our voices and use what influence we have to see that the whole Canadian tax structure is taken out of politics and placed where it belongs, in the realm of economic realism in regard to the future of Canadian enterprise, progress and expansion.

I appreciate the difficulties which confronted the Minister of Finance this year. I appreciate even more the difficulties which will confront him next year. The minister will have to prove himself a political and fiscal miracle worker to match the election year budgets of his illustrious predecessor who gave the Canadian people the two largest tax reduction budgets in the history of Canada in the last two federal election years, namely, 1949 and 1953. They were the only two budgets in history to top the $300 million mark in tax reductions. No non-election year budget has ever been that generous.

In the years between elections we have had a different story. It has been the rule rather than the exception to add new or increase old taxes in non-election years and to remove or decrease them in election years. It is not surprising that the items which figure most prominently in this kind of manipulation are those which make an immediate impact on voters. The pattern is so clearly established, Mr. Speaker, that I venture to offer the minister a tried and true formula for his next budget. It is solidly based on the political sagacity of his predecessor. I cannot offer it at this time as the platform or even as the suggestion of any group or party in the house, so, for want of a better name, I offer it to the minister merely as Mike Starr's 1957 budget suggestions.

First, there will be reduction of personal income taxes by an average of 15 per cent in the lower and middle brackets and an increase in exemptions from $1,000 to $2,000 and $2,000 to $3,000. Second, there will be repeal of the 10 per cent luxury tax on automobiles and all other personal and household items to which special excise taxes have been added since 1939. Third, there will be a decrease in the tax on cigarettes from the present $1.77 per carton of 200 to about $1, substantially cutting the 100 per cent which the government now adds to the cost. Fourth, there will be removal of the present limitations on the deduction of medical expenses from income tax. Fifth, there will be removal of the remaining taxes on soft drinks, candies and other small pleasures of children.

I trust, Mr. Speaker, that the suggestions I have just made will prove helpful to the minister next year. I make them at this time because we have often been told that the minister and his advisers start to work on the new budget just as soon as the current one has been placed before the house. I have not detailed the total cost to the treasury of these tax changes, but a rough total makes it clear that the funds are already in hand or on the way. That, in fact, appears to be the outstanding feature of the budget now before the house. It is nothing but a delayed action budget.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, last year it was my privilege to vote for the first budget of the Minister of Finance (Mr. Harris). I regret very much that I cannot do the same on this occasion. Despite the well-meaning of the minister, despite his very good intentions, I feel obliged to say that this budget is a dangerous document which should cause every Canadian, and particularly every Liberal, to stop, look and listen. The high rate of Canadian taxation which has been gradually and insidiously built into our budgets since world war II is like a malignant cancer. For a few years the effects may not be apparent, but unless treated the ultimate result is inevitable.

The government professes to believe in the free enterprise system. Yet I say tonight that it is undermining that system by high taxation, just as effectively as any socialist government could do by decree. When the history of this period is written it will record that one of the great mistakes of the Liberal party after world war II was its steady and consistent failure to give a real measure of tax relief to the Canadian people.

In his budget speech of 1955 the Minister of Finance said this, as found at page 2732 of *Hansard* of April 5, 1955:

> I am sure that all will agree that when employment and incomes are high, and the economy

expanding at a normally healthy rate, we should fully balance our budget, with a modest amount for the reduction of debt.

During the past year we had the greatest volume of business, we had relatively full employment, we had the highest national income in our history, and yet the Minister of Finance has given us not a surplus but a deficit. He has given us not debt reduction but debt increase. In so doing he has violated the sound budgetary principles which he himself enunciated 12 months ago.

In the coming fiscal year the Minister of Finance is proposing to take from the pockets of Canadian taxpayers the staggering sum of $4,755 million. That is an increase of almost $390 million over a year ago. Spending on this scale is without precedent in peacetime. To make a comparison one must go back to the critical years of the war, at a time when the federal government was engaged in a fight for survival.

The increased spending this year is not concerned primarily with defence spending. It is concerned with civilian departments right down the line. I do not think it is necessary for me tonight to remind hon. members that governments at all levels are taking today about 33 cents out of every dollar earned by the average Canadian. Nor do I have to remind the house that the standard rate of corporation taxation after certain basic exemptions is still 47 per cent.

The question which must confront parliament tonight is simply this. Can we afford to divert such a large proportion of our labour and industry to government, at a time when the country needs so much capital for its growth and development? You cannot spend a dollar of production twice. If the government is going to spend it, then individuals and business cannot do likewise. When we pay out the fruits of our production to defend countries richer and more populous than Canada, when we sell butter to the communists at the expense of the Canadian taxpayer, when we pay out millions of dollars in non-productive subsidies, let us realize that this money is not going to be available for private enterprise to develop Canada.

I have heard a good deal of criticism this session, Mr. Speaker, about the degree to which United States capital is coming into our country. Some people find it strange that we apparently need the Americans to help us finance the trans-Canada pipe line. But is it any wonder that this capital is needed when our government takes from Canadian companies almost half their earnings, which otherwise would be available for reinvestment?

I realize, Mr. Speaker, that there is a school of thought which contends that high taxes need not necessarily affect prosperity. In support of that theory they point out that since the war we have had very high taxation, and yet instead of having a slump we have had booming economic conditions. But surely this is a dangerous conclusion. Our prosperity since the war has been caused by a number of unique factors which may or may not continue. I cite the great inflation of prices which has taken place since 1945, including export prices. I mention technical improvements and scientific progress. I cite the great growth of the United States market and of the United States population as well as our own growth through immigration and natural increase. I mention the great resources which we have discovered since 1945. All those factors have combined to give us prosperous times. As a result of those factors the Canadian gross national product increased from $11·8 billion in 1945 to $26·6 billion during the past year. That is roughly a 2½ times increase. The federal tax base, of course, increased roughly in the same proportion. Thus it has been possible for the federal government to finance greatly increased expenditures by simply appropriating a share of the rising physical production of the nation which constitutes a sort of surplus or windfall.

I think it is more than conceivable that the favourable circumstances which we have had since 1945 may not continue. A decline in national product, increased foreign competition, recession in the United States, widespread unemployment—any of those factors—could work havoc with our tax structure.

During world war II and during the Korean war, Canadian tax levels were sharply increased. But, with the end of each emergency, the voracious appetite of federal spending departments continued. Indeed in some cases it was increased. New demands and new programs rapidly devoured the sums of money which formerly had been spent on the war effort, and which might have been used for tax reduction. As a result, the level of federal government spending as a percentage of the national income has steadily risen for the past generation. In 1929 that percentage was 6·7 per cent; in 1947, after the war, it was 17·05 per cent but in 1954 it was 22·06 per cent. This budget continues that 11 year trend despite booming economic conditions.

I suggest to hon. members that there is a limit to the money which you can take from an individual without impairing his ability to keep himself solvent and to save a proportion of his earnings. I believe this limit in peacetime has been reached, and for that reason I contend the budget is a dangerous document.

The great tragedy of the present situation, as I see it, is that no one is very greatly concerned about it. Anyone who suggests that governments perhaps are spending too much money is considered to be old fashioned, antisocial or reactionary.

I blame the Minister of Finance (Mr. Harris) tonight for not combating more firmly demands for increased expenditures. He above all must realize that there are some things which may be socially desirable and which are even financially possible in this great Canada of ours, but which nevertheless, in the long run, may be economically risky or even suicidal. I recognize the fact that the Minister of Finance has great pressures put upon him, and I do not blame him completely for the present situation.

I will say quite frankly that we in the opposition must bear a good deal of the responsibility for the present ominous level of taxation in Canada. Already this session the C.C.F. group has proposed resolutions which, if passed, would have cost the taxpayer several billions of dollars. In his budget speech, the leader of the C.C.F. group advocated larger old age pensions and a health scheme more comprehensive than the one which is being contemplated. Yet at the same time in his amendment he proposed that the sales tax and income taxes be reduced.

Many people expect such motions from the C.C.F. group. But they do not expect motions and resolutions of the same nature from the Conservative party. Most people expect financial responsibility from the Conservative group. Yet with all respect I must say that from this far corner of the house it sometimes appears to me as though that responsibility is lacking. Maybe I am biased, but far too often it seems to me that the Conservative party proposes policies which seem designed primarily to show the nation that they can surpass the Liberals and even the socialists in their ability to spend the taxpayer's dollar.

I should like to cite only one example. I recall a motion moved several weeks ago by the Conservative group, which proposed Canadian parity prices for agricultural products. That was a proposal which would have been fantastic in its cost, and its success, in my opinion, would have been dubious. The Conservative premier of Ontario, Mr. Frost, recently called on the federal government on the one hand to embark on a nation-wide health scheme and, on the other hand, to give the province of Ontario another $100 million. For my part, I find it difficult to find such proposals consistent with traditional Conservative policy.

The demands of our provincial governments are not very helpful to our federal government in keeping down our tax level.

This year the federal government is proposing to transfer to the provinces in special grants $384 million. Incidentally I may say that I think the figure is about $34 million more than they transferred last year. I think most people in all parties are sympathetic to the principle of these transfer payments. Yet I view with alarm the steady efforts of our provincial governments on the one hand to demand greater expenditures from the federal government, and on the other hand simultaneously to demand that federal authority absorb more of their provincial costs.

I think that such efforts are based on a fallacy, an illusion that if a province can hand over its tax burden to the federal authorities in some way the inhabitants of that province will escape from them. It seems to me that the people who pay federal and provincial taxes are the same. No provincial government should think that Ottawa is a kind of fairy godmother. It is the duty of the Minister of Finance to tell the provincial governments that for the time being at least parliament has reached the limit.

I must admit, Mr. Speaker, that I am sometimes concerned over the attitude of many individual Canadians towards high taxes. I am sometimes concerned over the apathy with which they view the subject. Today most of our citizens watch their personal finances fairly carefully. They do not make a purchase unless they are sure that they are getting value for their money. Their attitude toward government spending is usually different. In Canada today there are many hard-headed and intelligent people who see nothing wrong with the oft-repeated phrase that "government will pay half the cost". There is a tendency to forget that the government's income is money that it takes from every citizen in the land. As one finance minister said, there is no magic in government finance; before you can give a dollar to one person, you must take away that dollar from someone else.

Unfortunately governments today are criticized far more often because they are spending too little than because they are spending too much. There has been little desire for economy in public spending among most Canadians. There are some individuals who feel that because they are in the lower income groups they are escaping federal taxation. That idea is fostered by certain politicians who glibly suggest that huge spending programs can be financed simply by "soaking the rich". Nothing could be farther from the truth because, unfortunately, there are not enough rich people in Canada.

I should like to refer hon. members for a moment to a publication put out by the

Department of National Revenue and entitled "Taxation Statistics, 1955". Actually it applies to the year 1953. On page 27 one finds that 4,682,420 Canadians made out income tax forms in that year, and yet on page 35 one finds that out of that huge number only 28,220 had incomes of more than $15,000. In other words, 99·4 per cent of all Canadians earn less than $15,000 a year.

Again on page 35 of the same publication one finds that the amount theoretically obtainable by confiscating all income over $15,000, after allowing for standard income exemptions, is $673 million; but since the government was already taking $233 million from those tax brackets, the net proceeds from total confiscation would be only $440 million, or 9·3 per cent of our current budget.

Therefore I say, Mr. Speaker, any way you look at it, it is the average Canadian, the working man, the white collar worker, the professional groups, the farmers, who are paying the large proportion of income tax in Canada today, and it is very important that they should realize this fact.

Because the taxes are so often collected as a deduction from the pay envelope, the worker never sees the money and so he is not too concerned about the matter. I think the same can be said about most of our hidden taxes. Ninety-nine out of every 100 Canadians pay such taxes as the 10 per cent sales tax, the 15 per cent luxury tax on television sets, custom duties, tariffs, excise duties of all kinds, in blissful ignorance of the amount which is being siphoned off to the federal treasury. I say that no matter how the budget is planned, no matter who the Minister of Finance might be, it is the average working man who is paying federal taxes. Whether it is corporation tax passed on in the cost of goods, whether it is hidden taxes which are also passed on in the cost of goods, or whether it is income tax, the little man pays.

I believe, and I believe this very sincerely, that if the government went back to the old way of collecting income tax, and took it from the taxpayer in one lump sum on April 30, people would realize the extent of federal levies. I would also like to see the government put all hidden taxes itemized on the purchase tag, so that people would realize the amount of these taxes. If such action were taken I would venture to say that within a year we would have some action on our budget, because there would be a very vigorous protest, a very loud outcry, right across the nation.

Apart from the attitude of individuals, apart from the attitude of the provinces, apart from the attitude of members of this house, I think that our present tax levels are caused by two main factors: first, defence; second, social welfare. I have neither the competence nor the time to deal with defence tonight, but I should like to say a few words about our social welfare program. I am one of those who believe that Canada, with its vast resources and with its wealth, should steadily strive for better social services in all fields. But I also think that our country must proceed gradually within the bounds of economic capacity and national solvency.

At the present time the federal government is spending on social services $1,060 million. Within a year, as I understand it, we are going to embark on a new hospitalization program. We are told that the cost of that program will be $180 million for the federal government and $180 million for the provinces. If the experience of Saskatchewan and British Columbia is repeated, I suggest tonight that the cost of that scheme will be very substantially more than the figure we have been given. How far can such measures be extended within the framework of national solvency and growth? Already this session we have listened to many resolutions on social welfare. Many new expenditures have been proposed by hon. members. I should like to mention only three. First, there was the proposal to increase family allowances, which would cost $200 million. There was a proposal to increase old age pensions to $60 a month at a cost of $450 million. There was a proposal to extend the proposed hospital scheme to make it into a complete medical-dental scheme. That would cost $600 million. Since there is already a budgetary deficit, such measures could only be financed out of straight taxation increases. That would mean as usual, that the Canadian citizen would have to bear the cost from his hard work and toil.

I hope that in the years to come it will be possible for Canada to legislate for such reforms. But I am convinced that for the time being, the country is carrying a peak load of taxation. Any new advances in the field must await further economic development throughout the nation, or a sharp decrease in defence expenditures.

Today we are faced with a number of examples of the dire effects of overloading an economy. It has been said repeatedly by many eminent authorities that the British economy is moving from crisis to crisis, and that Britain's welfare state program lies at the heart of her economic difficulties. The economies of France and Italy are also suffering from a similar sort of social overloading. With these examples before us, Canadians would do well tonight to stop, look and think.

Here in parliament irresponsible motions made in connection with social welfare measures, which overlook economic facts and realities, serve only to arouse false hopes and bitterness. There is a real danger to the nation when any political party, using the taxpayer's own dollar, recklessly endeavours to buy political favour by outbidding other parties in the social benefits it will pay. Mr. Speaker, I strongly believe that in the next few years the government must resist further major demands for increased federal expenditures; rather, it should consolidate and strengthen its taxation base. Such action is necessary for the economic health and prosperity of our nation.

I believe that the minister's fiscal policy in 1956 should endeavour to do the following things. First, it should halt rising government expenditures. Second, it should take more aggressive action to eliminate waste, duplication and extravagance in government spending. Third, it should use the major portion of the government's share of any growth in the national product for tax reduction. Fourth, it should modify the tax laws and encourage thrift and initiative. Mr. Speaker, I believe that failure to follow such policies will ultimately mean that parliament will be forced to pay all its federal bills in the easy coin of inflation. Surely, such a result should be avoided.

Mr. B. R. Leboe (Cariboo): Mr. Speaker, since I am a comparatively new member in the house I do not intend tonight to go into the ands, ifs and buts of the budget. I will say, however, that if one says too much at this time about the budget it will be like locking the door after the horse is stolen.

First of all, I should like to say it has been my privilege to travel across the length and breadth of this country twice in the last year. In doing so, I have been able to get more or less a rounded-out picture of what Canada is really like and what the people across this nation have to put up with in some of the provinces, what some of their problems are financially and otherwise and to get a general picture of Canadian life and economy. Naturally we are all interested in our nation but I think we are all more particularly interested in our own area, riding or province. The speeches on the floor of the house throughout the year bear that out, I think, and I am no different from other hon. members who have spoken. Tonight I would like to review some of the progress that has been made in the northern area of British Columbia known as Cariboo riding. I focus attention tonight on Cariboo riding for one particular reason and that is because it has had a tremendous growth in the last few years and it is still growing rapidly. I might say that the rest of British Columbia is also growing rapidly but the growth in Cariboo riding has been spectacular over the last couple of years.

Perhaps I should say now that my purpose in making a comparison between what the government survey has shown in the past years and what has actually taken place has to do with the position of the Pacific Great Eastern Railway in the development of that northern area.

Hon. members will realize, of course, that the riding of Cariboo is perhaps the largest riding in Canada, being 950 miles long and 350 miles wide. It covers an area of approximately one-third of the province of British Columbia. There is a great deal of developing to do in this area and it is already well under way.

First of all I would like to take you into the northern part of the province to the Skeena riding just outside the Cariboo riding a short distance from Lower Post in the lower area close to the Yukon boundary where we have what is known as the Cassiar asbestos development. The known reserves of this development in 1954 were some seven million tons of asbestos. Today the tonnage of asbestos is being shipped out along the Alaska highway some 300 miles by truck and then over the railway to the coast and on down to Vancouver.

When the Pacific Great Eastern Railway is pushed into the northern area within 200 miles of Fort Nelson I can visualize that the distance from railhead, without the transferring of the goods, will entice the tonnage coming from the Cassiar mines into the lap of the Pacific Great Eastern Railway freight business. It is going to mean a lot to the whole northern area once the railway is projected as far north as Fort St. John. Fort Nelson has an army headquarters and a good airport and a population in one area of approximately four or five hundred people, with three or four hundred people in another section. It is an important and active little town.

As we look around the area of Fort Nelson we find there are some 500,000 acres of arable land which could be used for agriculture and there are vast volumes of timber in the valleys that stretch forth in every direction. All this development is there waiting for proper transportation. We find that in the northern part of British Columbia, as in many other parts of northern Canada, it becomes a matter of long distances. The distance from Dawson Creek to Lower Post, for instance, is 600 miles; to Fort Nelson, 300 miles, along the Alaska highway.

The Alaska highway is costing the federal government a great deal of money in maintenance each year. I would like to say at this point that I think it would be well for the federal government to look into the possibility of paving at least a portion of that highway in order to save maintenance costs. The gravel which is now on the highway is working down into the mud and the base of the road and it is not very long before a complete reconstruction job will have to be done on many parts of the highway. I know this to be true because I recently travelled over a great section of that highway.

Coming further south from Fort Nelson to Fort St. John, which has a population of approximately 2,500 people, we find that in the Fort St. John district there is a terrific agricultural development. There are many thousands of acres, and perhaps I should say millions of acres, which have yet to be brought under cultivation in that area. I believe the total arable land is around 3,500,000 acres in the Peace river area and a great portion of that is in the Fort St. John district. A great deal of the grain that is shipped from Dawson Creek at this particular time, which makes Dawson Creek the largest grain shipping point in the British commonwealth, comes from the Fort St. John area. This, coupled with the great forested areas around Fort St. John, points up the fact that there is a great deal to be gained by bringing into Fort St. John the Pacific Great Eastern Railway with its outlet to the coast. This means that when the railway comes north of Fort St. John it will literally be in the front yards of many sawmill operations in that area. It will mean more money in the pockets of the farmers, the people who are working in the lumber industry and those people engaged in the exploration for oil and gas.

It was my privilege to be in Fort St. John at the time when the first British Columbia gas was turned on in the grid of the village of Fort St. John, the first town in the province to use British Columbia gas. We now find that the beginning of the west coast transmission line which will run from Fort St. John through Pine Pass and Prince George into Huntingdon and into the Pacific northwest of the United States, with a branch line into Vancouver, has its head in Fort St. John at the beginning of the pipe line. In the construction and the development that has taken place there it is necessary for the producers of gas to put in a scrubbing plant at Taylor Flats and they are now looking for 2,000 men to go to work on this project at Taylor Flats to take the by-products out of the gas before it is put into the gas pipe line. A great deal of the right of way of the gas line has already been cleared and the pipe is being brought in from Great Britain, shipped up over the Pacific Great Eastern Railway and transported by truck and the northern freight ways into Dawson Creek and on up to Fort St. John.

At this point I would like to say that the purchase of this pipe from Great Britain falls in line with a provincial policy under which we seek to buy goods from Great Britain so that we may in turn sell to Great Britain the products of the forests, fish and fruit. It has stimulated a great deal of business for the province of British Columbia and has brought about active trade with Great Britain.

While I am on that subject I might say that locomotives, steel rails, angle bars and so on for the Canadian Pacific railway also come from Great Britain, while we in turn send them lumber, fish, fruit and other products.

At Hudson Hope there are large deposits of excellent coal. Perhaps I should not say too much about coal at this stage as in most parts of the Canadian economy it seems to be a drug on the market, but I believe the time is not too far distant when considerable power will be developed by the use of coal in high pressure water tube boilers with the steam being utilized in large turbines. We find this process being used in Alberta and I understand it is quite economical. I think the time will certainly come when great quantities of coal will be used in this way.

Dawson Creek, which is located near the Alberta border, has a population of around 6,000, whereas 20 years ago there were only 100 people there. Of course Dawson Creek is famous for its great Scottish pipe band, which is known to all Scotsmen in the country. Dawson Creek is the end of steel of the Northern Alberta railway which comes in from Edmonton and it is also mile zero on what is known as the Alaska highway. Dawson Creek is the junction of two highways, the one coming up from Edmonton and the other coming up from Vancouver through Prince George which is known as the Hart highway.

With the Northern Alberta railway and these highways that are coming through, and also the extension of the Pacific Great Eastern Railway, Dawson Creek is going to grow by leaps and bounds. The village commissioners are going to have their hands full in servicing the necessary areas to provide for dwellings and so on. The Dawson Creek airport was too close to the town and it has been surveyed into lots which are being sold for dwellings and the commissioners now have the problem of digging up a new airport site.

It will be seen that the expansion that has taken place in this part of the country is beyond description. I referred to the paving of the Alaska highway and I should like to note that the distance from Dawson Creek to Fort St. John is about 50 miles and certainly that piece of highway should be paved.

Dawson Creek is faced with other local problems. In 1952 or 1953 they got a new phone system, but today that is proving to be entirely inadequate. There are 1,000 people on the waiting list and it takes from 15 to 20 minutes or even longer to get central. The four girls on the switchboard do not know what to do about the calls coming in. The Department of Transport, which is responsible for communications in that area, is putting in a new phone system this fall which will take care of all immediate and future needs of Dawson Creek.

There is another thing that worries the people of Dawson Creek. It seems that it is taking the federal government as long to build one little public building in Dawson Creek as it is going to take the province of British Columbia to build a railroad with two branch lines into the Peace river country. I do not think that that should be. I have been here since 1953 and there was an item in the estimates for a public building at Dawson Creek before I came here. That item is still in the estimates and except for a few plans that is as far as it has gone. I understand that the plans are not yet off the drawing board, that the architects have not released them so that bids can be called. There should be a little more action in connection with some of these things. If the provincial government can build a railroad into the Peace river country, if they can do the surveying and everything else, surely the federal government can build a little old post office building in Dawson Creek in the same length of time.

Dawson Creek has an oil refinery at the present time, and I understand that another one will be put in this spring. There are some defence installations there which add to the importance of communications. All along the Hart highway and the new route of the Pacific Great Eastern Railway and along the gas line going south there is a great deal of what we call ribbon development. Little Prairie is the new junction of the Pacific Great Eastern Railway, where the branch line goes off to Dawson Creek from the main line going up to Fort St. John and on north. It will be seen that wherever there is a junction on the railroad there is generally considerable growth, particularly when it is located in a good agricultural area like this.

Coming on further through the Rockies through Pine pass we find at the Parsnip river crossing there will be a great lumber industry in the near future. The Pas Lumber Company have made application for a forest management licence in that area and I understand it is their intention to put in a pulp mill as well as a mill for the production of lumber.

As many hon. members know, Prince George is ideally located on the Canadian National Railways northern main line running from Red Pass through to Prince Rupert. The population of Prince George is around 12,000 and it is growing as it were by leaps and bounds. I notice from a report in a local paper that building permits are expected to total 6 million next year. The provincial government is building a government building in Prince George which will cost $1,500,000.

Prince George is a great distribution centre, being located as it is almost in the centre of the province. It will be second only to Vancouver as a distribution centre. It is located where the old Cariboo highway joins the Hart highway and is a continuing link with highway 97 which goes through to California. The traffic on this highway extending as it does from California to Alaska is out of all reason considering the population in the area because of the many tourists and truckers passing through from all parts of the country on their way to Alaska and the Yukon.

I should like to mention one or two things with regard to the growth of Prince George. Once the gas line comes in there, there will undoubtedly be many secondary industries attracted to that area. There will likely be a brick factory, and undoubtedly there will be a cement factory somewhere between Prince George and Dawson Creek, because apparently the rock is suitable for the manufacture of cement and some people are already interested in this development. Prince George is the white spruce capital of North America. It ships enough spruce lumber out in one year to build a city the size of Edmonton today. An average of 60 carloads leaves the Prince George sidings alone every day of the year; and that is a lot of lumber. That does not take into consideration the amount of lumber that is shipped from other points, such as Sinclair Mills and Penny and all the other points where fairly large sawmills are located. All this development points to the success of the Pacific Great Eastern Railway and the wisdom of the provincial government in extending that railway into the Peace river area.

Eighty miles south in the Cariboo riding we have the village of Quesnel, another village of 6,000 or more people. Here we have the one and only private plant in that interior part of the province. Western Plywoods have a plant there, and they put out many millions of feet of lumber and plywood during each year.

When the gas pipe line comes through there, we will have an upsurge in the development of this area in secondary industries also. We have in the area of Quesnel large quantites of diatomaceous earth which, I understand, are now being developed. When the gas goes through, it can be used for heating purposes to dry this diatomaceous earth. I understand it is expected to create quite an industry there in that business of getting these products out to such cities as Vancouver. I believe that Calgary is another of the markets where they expect to sell a great deal of this diatomaceous earth.

All these add up to one thing, as far as I am concerned, at this moment, and that is the necessity for realizing that communications are the gateway to development. I do not think that a country such as Canada or a province such as British Columbia should ever wait for the development to take place first and then build the railways and communications afterwards. I believe that the way to open up a country is to create the highways and railways that are necessary, and the country will then open up and develop.

The village of Quesnel also serves Wells and Barkerville. The town of Wells, of course, has gold mines—I believe they are under one management—which produce, I believe, about 1,600 ounces of gold each month. I understand that in the days of the famous gold rush of Barkerville there were actually millions of tons of gravel that were turned over by shovel. The village of Barkerville, which has 50 people now, had 25,000 people at one time. However, I believe there is a historical value in the village of Barkerville which should not be overlooked. It is my understanding that the provincial government is going to vote, or has voted, some money for the restoration of some of the buildings in that area.

I understand that the power from the natural gas, if it is converted to power, would be in the neighbourhood of 10 million horsepower, which is a lot of power. I understand that it is expected that the advent of gas is going to do a great deal towards solving the controversy that has been in existence: fish versus power. We are looking forward to great co-operation there among the federal government, the provincial government and the municipalities in connection with the preserving of the fishing industry and yet getting cheap power for the secondary industries.

Now I turn to the question of federal aid for the Pacific Great Eastern Railway. Hon. members will recall that on 3rd June, 1955, the Prime Minister announced that $25,000 would be allotted to the Pacific Great Eastern Railway for construction of 50 miles. At the same time the Minister of Transport mentioned a very much larger subsidy for another railroad in eastern Canada, of which the first instalment would be as large as the total amount to be spent on the Pacific Great Eastern Railway. The Prime Minister, on 20th of January 1956, made the statement that he did not see that there was any growth in the Peace river area that would warrant a change in the position that they had taken.

I made it my business to find out exactly on what the government based its opinion. I placed some questions on the order paper to find out exactly on what these opinions were based, so that I could judge whether or not it was worth following this thing any further, and as a result I have come up with the following information.

I placed a question on the order paper as follows:

1. Has the federal government made any economic surveys of the British Columbia-Alberta section of the Peace river area within the last ten years?
2. If so, when and who made these surveys?

The following answer came back from the Department of Agriculture:

1 and 2. Economics division, Department of Agriculture made the following economic surveys: (a) High Prairie area in 1951. (b) Wanham-Spirit River area in Alberta and adjoining area in British Columbia in 1953. (c) Fort Vermilion area 1953.

In looking into the surveys that were made, I find that one soil survey took in 120 farms. One survey took in 60 farms to find out how the farmers were getting along and how much everything cost them. At Fort Vermilion 26 sections of land were looked at. The area concerned was east and north of Grande Prairie in Alberta. Those were the three surveys upon which the federal government apparently based its opinions. I wanted to find out if there was anything I could get in regard to the shipments of products from Hines Creek and Dawson Creek for the year 1946 to the last year for which figures are available. I asked the following question:

1. What was the total tonnage hauled by the Northern Alberta railways to and from Hines Creek and Dawson Creek for the years 1946 to the last year figures are available?
2. What was the freight revenue from these points for the same years?

The answer I received was as follows:

1 and 2. The Northern Alberta Railway Company is jointly owned by the Canadian National Railways and the Canadian Pacific Railway Company and is not an agency of the Crown. Information relating to its internal operations is not furnished to the Department of Transport. Following inquiries, the dominion bureau of statistics advises that it has no record of tonnages or revenues as between particular points.

Now, I have found out what the reports were. I have them here and I have looked at them. I find that the federal government had absolutely nothing on which to base an opinion. I would suggest that possibly this would be a good time for the Minister of Finance (Mr. Harris) to take an unofficial holiday of two or three weeks, tour that great north country, see what is going on there, and then come back and advise the Prime Minister (Mr. St. Laurent) as to what actually is taking place there. In view of the taxation structure that exists I feel we are justified in asking for more assistance than has been offered. As a matter of fact, I think a great deal more assistance is justified under the tax structure we have today.

I realize it has been said that you cannot take money from here or there without getting it from the taxpayers, but there is such a thing as a redistribution of funds which are the result of favourable tax fields. No one can deny that the development taking place in British Columbia has created for the people of Canada a very favourable tax field. It is my understanding that out of the total tax revenue in the province of British Columbia the province gets 15 cents out of every dollar and the federal government gets 85 cents. Therefore I think we are justified in asking for additional consideration to what has been given, especially in view of the reports I have put on the record tonight as to what the government had in the way of information on which to base an opinion.

I am not going to say very much about the budget but I should like to put on the record a comparison of the highlights of the federal budget and the budget of the province of British Columbia. In the *Gazette* of March 21 there is an article headed "Budget At a Glance", a Canadian Press dispatch which reads as follows:

Finance minister Harris read his budget speech predicting a 1956-57 surplus of $113 million compared with a 1955-56 deficit of $51,700,000. There will be no changes in personal and corporation income taxes. Revenue loss from tax changes, mostly in additional exemptions from the 10 per cent sales tax assessed at manufacturers' levels, totals $12 million.

Canadian editions of foreign magazines containing some Canadian advertising will be taxed 20 per cent of gross advertising revenue starting January 1, 1957. Effective immediately, purchases of gold for export for safekeeping may be made without restriction. Total 1956-57 revenue is estimated at $4,763 million and expenditures at $4,650 million.

The Prince George *Citizen* of February 2, 1956 has the budget highlights for the province of British Columbia. Here they are:

1. Amusement tax—cut from 15 to 10 per cent and earmarked for hospital construction.
2. Pensioners to receive $5 a month more.
3. Civil servants to receive pay increases of between 4 and 12 per cent.
4. Aid to local government boosted by a total of $2,137,931.
5. Capital works program of $80,109,000; $37,480,000 for arterial roads and bridges, forest development, roads and mining roads.
6. Agriculture department to spend 45 per cent more.
7. Education funds up $3,950,000.
8. Total budget of $258,427,024 record for province.
9. Net debt of province reduced 13·50 per capita in last year.
10. Hospital insurance costs up $1,552,710.

I think these figures speak for themselves. I realize, of course, that the Minister of Finance has to work within the framework of the policy laid down by the government. However, in passing I should like to say that when we are considering the taxpayer the fundamental thing we are confronted with in any budget or any plans we have for the future of Canada is the distribution of the goods that we produce. If we fail to distribute the goods that we produce we can stand up in the house and talk till doomsday about the great production that we have. If the financial policy of the government is not such that the Minister of Finance can work within that framework and cause distribution of the production of the country to be made, then the financial policy has failed and not the Minister of Finance. I believe with all my heart that the fault lies not with the Minister of Finance, who has to work within the framework of a policy, but with the policy of the federal government.

Mr. A. B. Weselak (Springfield): Mr. Speaker, in entering the debate on the budget I cannot help but reflect on the budget debate of 1955 when members of the opposition referred to the budget of that year as delightful optimism, as unsound and as an Alice in Wonderland proposition which had been put before the house. The Minister of Finance (Mr. Harris) was accused at that time of giving free vent to his imagination and his budget forecast of a gross national product of between $25¼ billion and $26 billion was assailed and for all practical purposes ridiculed. In addition, statements and inferences were made to the effect that budgetary deficits would accrue possibly to the extent of $400 million to $500 million.

What has happened in fact, Mr. Speaker? The gross national product has not only

reached $25¼ billion, has not only reached $26 billion but has reached $26·6 billion, an all-time high in Canadian history. What has happened to the forecast of deficits? A deficit was planned by the minister of $160 million and in fact the deficit has been reduced to $52 million.

What has happened to the economic recession predicted by the opposition before and during the last budget debate? The white paper shows that the volume of non-agricultural output rose more than 7 per cent, mining output by about 16 per cent, the construction industry 12 per cent, manufacturing 7 per cent, wages and salaries 7 per cent, investment income by one-fifth, and corporation profits to a level 7 per cent above the previous high of 1951. Net farm incomes as distinguished from net cash income rose by over one-third from the previous year but nevertheless remained 14 per cent below the level of 1953, indicating that agriculture has not recovered to the extent that other sectors of the economy have succeeded in doing.

Employment in 1955 was higher than in 1954 and total employment rose by 2½ per cent. This was the economic recession predicted last session by the Conservative-socialist opposition. It is no wonder that the financial critic of the official opposition had no desire to discuss the budget when it was brought down but preferred to devote his time to an examination of the estimates.

Returning to the budget itself, may I congratulate the minister upon his sensible approach to the problem. The Conservative-socialist opposition may attribute to him certain ulterior motives and have described the budget as a preview of an election budget. They have also stated that tax reductions could have been made and would have been made had an election been pending.

I presume, Mr. Speaker, it is characteristic of members in opposition to ascribe motives to any action on the part of the government and to ascribe such motives as will suit their own ends. As a result we can therefore assume that any reference to the budget by opposition members will be such as to place it in its worst light. I do not suggest that we on the government side of the house are totally unbiased, but I do say in respect of this budget that Liberals are on solid ground in giving it their support and recording approval of the government's action in this regard.

Hon. members will recall that substantial reductions were incorporated in the 1955 budget and that a deficit of $160 million was forecast. Hon. members will also recall that in April of 1955 we had experienced an unusual winter of unemployment and that the graph of economic activity had shown a decline which had been carried over from 1954. Under the circumstances the government was justified in budgeting for a deficit to give what impetus it could to the economy by increasing the amount of money available for consumer spending and to encourage investment.

When the white paper was tabled in the House of Commons prior to the budget, press reaction—and, as a matter of fact, my own reaction—was to the effect that little could be done in the matter of tax reduction by the responsible minister. Anyone who has had anything to do with governmental budgetary accounts knows full well that a moderate surplus, whenever possible, is certainly desirable in order to provide against overestimates of tax revenues and unforeseen contingencies. Surpluses also provide a source for strengthening the cash position of the government. A surplus of 2½ per cent as provided in the present budget is certainly not unreasonable, and I would agree with the minister when he describes it as a prudent surplus.

The net estimated surplus for 1956-57 in the budget is $125 million. In 1957-58 it is estimated that payments to the provinces will be increased by $110 million.

The national health plan is expected to cost the federal treasury an additional $180 million. Grain storage cost as well as costs under the Agricultural Prices Support Act—

Mr. Hodgson: Mr. Speaker, would you ask the hon. member to read more slowly? It is hard to follow him.

Mr. Weselak: —can be expected to increase by close to $30 million, with the result that the government will be faced with additional expenditures of roughly $320 million in the coming year.

In the face of these expected additional expenditures the carry-over of a modest surplus of $125 million to the next year can hardly be considered as excessive. When one considers the additional commitments which have been made by this government and which will be payable in the coming year, it is only reasonable and sound financing for the time being at least to preserve the source of revenues with which these additional payments can be met.

The philosophy underlying the 1955 budget was one of boosting the economy by encouraging spending and making more money available to the public for this purpose. The thinking on the other hand in relation to the 1956 budget, I think can best be put in the minister's own words which I think will bear

and deserve repeating. In his budget speech, as reported at page 2327 of *Hansard*, the minister stated:

> The blessings of an economy operating at a high level are pleasant indeed to a minister of finance but they bring with them new responsibilities for all of us. The objective should be to maintain a steady growth in economic activity without the process of expansion giving rise to inflation and instability.

He further stated that "the fiscal policies must continue to be directed towards economic stability".

Mr. Blackmore: Louder.

Mr. Weselak: In spite of the fact that as a member of this house I should like to have seen some relief in taxation this year, I must confess that before the budget was brought down I could not see any room or justification for such action, and contrary to some criticism in the press now, the forecasts in almost all of the same publications at that time coincided with my own opinion.

A certain responsible daily in my own province, whose opinions I often respect, has referred to the budget as not merely a stand-pat budget but a negative budget, and this has been echoed in the Conservative amendment before the house. With this statement I would take issue and propose to do so. The budget, like any other thing within this confused world of ours, is a relative thing and must be judged in the light of the circumstances which affect and surround it.

The positive aspects of the budget are to be found not only in the printed words of the budget but also in what was not said by the minister when the budget was presented to this house. In the printed word we find certain tax and tariff relief to our hard-pressed farmers. Last summer there was criticism in the west of a tariff board ruling which had resulted in certain farm implement parts becoming liable for import duties and sales tax. Government policy has been in the past that parts like the machinery and equipment itself should enter Canada duty free and be exempt from sales tax. The action in this budget on the part of the government to reword the acts in such a way as to restore duty-free entry to these items and of adding further items to the exempt list in accordance with recognized government policy will be welcomed by the farmers of Canada, and will be of some help to them in combating rising costs. The effect of these provisions is to reduce the cost of these items by about 30 per cent which is not an insignificant figure. The removal of sales tax on certain industrial equipment and building materials will also be welcomed by those affected.

The recent announcement by the Minister of Agriculture (Mr. Gardiner) that floor prices are to be continued on butter at 58 cents a pound to 1958 was welcome news to the agricultural communities in Canada. The relative benefit as compared to cost fully justifies this action, which certainly is in the national interest. In this connection I note that the Manitoba government by taking advantage of butter provided by the government to institutions at reduced prices effects a saving of $21,142 a year. The Saskatchewan socialist government on the other hand has absolutely refused to co-operate in this matter and continues to use margarine in its provincially-owned institutions. The socialist members here like to refer to themselves as the champions of the farmers—

Mr. Ellis: What are you reading from?

Mr. Weselak: What were you reading from?

Mr. Hodgson: You knocked him right off his place.

Mr. Weselak: —and decry and belittle this government's efforts to assist the farmers. In this respect I would suggest that our socialist friends in this house direct some of their attention to the Saskatchewan government itself and direct some of their criticism in that direction. When Mr. Bentley, the minister of health in Saskatchewan, was asked whether the dairy interests objected he stated: "We've had some letters from them. I sympathize with their viewpoint, but I've still got a little Scot's blood in my veins".

I would suggest that if the Minister of Agriculture made a statement of that type in this house, he would be accused by our socialist friends of being miserly and of not being interested in the plight of the farmer, and would be told that sympathy alone put no money in the farmers' pockets. They would not hesitate to state that the government was patronizing the packing industries which manufacture margarine rather than the dairy producers, and was adopting policies designed to benefit the packers rather than the farmers.

I was particularly pleased, Mr. Speaker, with one aspect of the budget which does not appear in the actual print. I refer to the tariff policies which can be read into the budget itself. During the past few years the cry for protection has been steadily growing from individual industries and has now been taken up by the Canadian Manufacturers Association, with the result that developments in this respect are being watched with concern not only by the agricultural industry but by the pulp and paper industry and such industries as the aluminum industry in Canada

which rely to a great extent on foreign markets to assure the sale of their products.

While on his tour of western Canada last fall the Leader of the Opposition (Mr. Drew) is reported to have proclaimed as Conservative party national policy the policy of the maximum processing of Canadian raw materials within Canada before export.

Mr. Ellis: Slower.

Mr. Weselak: This natural resources policy he is reported to have declared was a point on which there was a sharp and clearly defined division between the Conservative party and the Liberal party.

Western Canadians are not as gullible as the Leader of the Opposition may assume them to be, as the Conservative party has found out. I should like to compare this statement of Conservative policy with that enunciated by Mr. R. B. Bennett, on behalf of the Conservatives at the imperial conference of 1930 when he said this. I quote from page 277 of "Colonial and Imperial Conferences", volume III:

> The Conservative party of Canada believes in, and employs, the principle of protection of the home producer of agricultural and fabricated products from harmful interference by world competitors. But it is not part of our policy to exclude from our markets foreign goods, so long as their importation does not threaten a reduction in the high standard of living which our citizens enjoy. On the other hand, it is our declared policy to provide for the consumer a cheap market by stimulating the growth of competing domestic industries to that point of development where they will be able in fair competition with others beyond our dominion, to offer to the Canadian public products of like quality and at prices comparable to those prevailing in the larger markets of other countries . . .
>
> In pursuance of this policy, and to meet an economic situation, brought about by world and domestic causes (it is not necessary here to determine their relative responsibility) the parliament of Canada at a session called for the purpose in September of this year, enacted certain changes in the tariff, designed, in our view, to strengthen the position of the home producer. Certain measures were taken as part of this emergency legislation, to avoid the exploitation of the consumer; and in the good faith and good sense of the Canadian producers we have the necessary assurance of their rigid adherence to these measures.

As a result of the adoption of these protective policies the average ad valorem rate of duty on dutiable imports was increased from the 1929 level of 24·4 per cent to 30 per cent in 1932, and on total imports in the same period from 15·9 per cent to 19·1 per cent.

By midsummer of 1932, Mr. Bennett had found that his policy was not working to the advantage of Canada and in his statement to the imperial conference held at Ottawa in July of 1932, he had this to say to the conference, and I quote from page 397 of the same volume:

> In the past, Canada's manufactured products have enjoyed a measure of protection, though at times it is claimed by some a not wholly adequate measure of protection, in the home market. Our natural products have enjoyed little or no fiscal advantage over our foreign competitors in empire markets. It is now our hope to secure it for them. In as much as the ideal application of the principle of protection involves an equalization of benefits thereunder as between manufactured and natural products, it is the desire of this government to effect that equalization and to find a way for our exporters into empire markets by giving the exporters from these markets a way into ours.

Then, he went on to say:

> I have said, before, and I do not desire to minimize the fact, that Canada must have greater export markets for its natural products. No country can live unto itself in this complex age, and with our relatively small population, with our vast and varied natural resources, with our immense exportable surplus in natural products, we perhaps above all other countries must be assured of other markets than our own.

Mr. Bennett, in so doing, recognized the importance of our export markets for raw and natural products and stated that secondary industry must support his proposals, and expressed the belief that they could not but share in the great advantage which will accrue to the exporters of natural products, and also recognized that if our exporters were to have a market we must give to the exporters of these countries a way into ours.

The tariff and trade policy of the Liberal government in 1937, and the same words apply today to the present government, were enunciated by the then prime minister, the Right Hon. W. L. Mackenzie King, at the imperial conference of 1937, when he had this to say:

> The international situation will be reviewed in detail at later sessions. I shall, therefore, not make any reference to it at this point, beyond expressing our firm conviction that enduring peace cannot be achieved without economic appeasement, that political tension will not lessen without abatement of the policies of economic nationalism and economic imperialism. The countries here represented have, I feel, a definite responsibility to join with other countries willing to co-operate in a concerted effort to avoid increasing tariffs or exchange or quota controls, and to lessen, in every practicable way, the barriers to international trade.
>
> In Canada we have endeavoured to open the channels of trade. Negotiations with the United States, and more recently with the United Kingdom, led to substantial reductions in our tariff rates.

The effect of the trade policy stated by Mr. Bennett in 1930 and that adopted by the Conservative party in 1956 is a statement of policy which had then, and now would have, the effect of restricting our primary industries that are uneconomic. Such a policy would undoubtedly suit some people, but from the point of view of the country as a whole it

is the development of Canada's great primary resources that provide, and must continue to provide, the basis of our prosperity and the prime impulse to the expansion of secondary industry rather than government interference.

Our secondary industries are coming and will come naturally and economically, but to push them artificially by limiting primary development is to limit what we can do best and most profitably. The fact that our secondary industries are coming along is indicated by the fact that the index of manufactured production of durables in 1939 was 108. In 1954 it was 297, and in 1955 it was 324.

The orderly expansion which has taken place in both our primary industries and secondary industries, which have pretty well kept pace with each other, should not, I submit, be interfered with by government action. Secondary industries are being established in Canada and will be established where the economic climate of the country or the area permit their economic development. I submit, Mr. Speaker, that the only result of government artificially pushing the expansion of secondary industry in order to process all raw materials at home would be the abandonment of the high standard of living which we currently enjoy.

The effect of such a program would be, first, the loss of our foreign markets for agricultural products, mineral production and certain industrial production. We have been reminded by Great Britain and other countries that trade is a two-way street and that unless the way is open for trade in both directions trade will suffer. Loss of our foreign markets will leave only the Canadian market available for such production rather than world markets.

Second, to compete in the export trade such industries would be faced with the problem of competing with industries in other countries where wage production and material costs are much lower. To meet this competition we would have to pay wages, at say, the German level, or perhaps curtail our social security program so as to cut the cost of the finished product by the amount of taxation saved; or make other unpopular adjustments in our way of living, all aimed at reducing the cost of the finished product, thereby reducing the benefits we now receive from selling raw and semi-raw commodities.

Third, if we were not to reduce the cost of the finished product by one of the means I have suggested, and compete with foreign production, these industries, uneconomic by nature, encouraged by government to establish themselves in this country, would have every right to come back to the same government and demand either subsidies or protection, with the result that the primary producer would not only have lost their markets but the cost of the things which they require would rise, and the cost price squeeze now complained of by them would reach the point of strangulation.

Fourth, the restriction of the development of our primary industries, which would be bound to result from such a policy, would result in the economic development of the four western provinces and the maritimes being slowed down to a level where their only market would be their own local market and that of the central provinces. The development of forest and mineral resources in Manitoba has resulted in a substantial increase in industrial development within that province and has seen the establishment of many industries in the greater Winnipeg area. Similar developments have taken place in Saskatchewan, Alberta and British Columbia. These developments have followed as a result of the expansion of the primary industries in these areas which in turn have created a demand not only for labour but for material, and have thus provided a market for local industry within the area itself. This has had the effect of strengthening our provincial economies, which certainly is in the national interest.

I can see nothing, Mr. Speaker, in the Conservative policy of maximum processing of raw materials within Canada which differs substantially from Mr. Bennett's isolationist tariff policies of 1930.

In contrast, the attitude of the Liberal party and of the government has been to encourage international trade and of the two I submit that this is the sounder policy. In 1932, when Conservative policies had gone into effect, these duties were increased on dutiable imports to 30 per cent, and on total imports to 19·1 per cent. They were subsequently reduced by a reversal of Conservative policies by the subsequent Liberal policies to 18·1 per cent, or a reduction of 40 per cent.

On motion of Mr. Weselak the debate was adjourned.

Mr. Speaker: While I fully realize the difficulties of enforcing the rule against the reading of speeches, I notice with regret that several hon. members since the beginning of this debate have indulged in this very undesirable practice. I would like to appeal to all hon. members to desist from the reading of speeches. I want to say now that as soon as the debate on the budget is over I shall make a very sincere effort to have the rules respected.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

DEFENCE PRODUCTION—RECTIFIER UNITS

Question No. 180—**Mr. Rea:**

1. What invitations to tender were issued for rectifier units for the Department of National Defence?

2. What was the price named by each person tendering and to whom was the contract awarded?

Answer by: **Mr. Howe (Port Arthur):**

1953 Tender No.	Successful tenderer	Value of order
F.33-43-735	Eastern Electrical Supply Co., Montreal, P.Q.	$99,360.00
F.18-38-77/Pt.A8/1	Canadian Line Materials Ltd., Ottawa, Ont.	18,008.00
F.33-43-654	W. W. Wells Limited, Toronto, Ont.	2,690.00
P.33-43-766	T.M.C. (Canada) Ltd., Ottawa, Ont.	3,440.00
P.33-40-1855	Northern Electric Co., Ottawa, Ont.	3,434.00
P.33-40-1782	Tender cancelled due to change in specification	
1954		
F.18-5P-10/Pt.2	Canadian Line Materials Ltd., Ottawa, Ont.	61,685.00
F.18-4G-111/FD.1	Canadian Line Materials Ltd., Ottawa, Ont.	4,635.00
F.18-5P-18	Canadian Line Materials Ltd., Ottawa, Ont.	14,727.30
F.18-5P-17	Industrial Electronics of Canada Ltd., Toronto, Ont.	58,428.25
F.18-5P-15	Industrial Equipment Co. Ltd., Montreal, P.Q.	25,061.75
Y.33-47-199/3	Pitt Distributing Co. Ltd., Toronto, Ont.	673.85
P.33-40-1782 (recalled)	Northern Electric Co., Ottawa, Ont.	59,880.00
P.33-40-2009	Northern Electric Co., Ottawa, Ont.	6,242.00

Note: It is not the policy of the department to disclose other than the names and prices quoted by the successful tenderers.

The above listing represents only those rectifier units procured directly by the department in Canada, and does not include procurement on a subcontract basis by prime or subcontractors.

DEPUTY TRANSPORT CONTROLLER

Question No. 196—**Mr. Johnson (Kindersley):**

1. Who is the deputy transport controller?

2. When was he or she appointed?

3. Under what authority was the appointment made and who made the appointment?

4. What is the salary of the deputy transport controller?

Answer by: **Mr. Marler:**

1, 2 and 3. No deputy transport controller has been appointed since the resignation of the former deputy transport controller was accepted on July 2, 1953. Mr. Frank T. Rowan has been performing the duties of deputy transport controller since August 1, 1953.

4. Mr. Rowan receives no salary for his work in connection with transport control but is remunerated as an official of the Canadian wheat board.

POPULATION BY MILITARY COMMANDS

Question No. 210—**Mr. Bell:**

What is the population of Canada by military commands?

Answer by: **Mr. Howe (Port Arthur):**

Information not available. Statistics of Canada's population are compiled by counties and census divisions, not by military commands.

TUBERCULOSIS CONTROL MEASURES

Question No. 300—**Mr. Huffman:**

What has been done under the federal health grants program toward the control of tuberculosis in Canada in the way of: (a) providing better detection facilities; (b) providing more hospital or sanatoria bed accommodation; (c) making drugs more cheaply available to patients?

Answer by: **Mr. Martin:**

(a) Funds provided by the federal health grants program are playing an important part in stimulating and maintaining the fight against tuberculosis. Increased emphasis on early diagnosis and expanded facilities directed toward early case-finding have proven to be some of the most striking developments since the inception of the federal health grants program. These improvements have occurred particularly through the expansion of clinic facilities, the extension of mass surveys and the introduction of the general hospital admission X-ray program. X-ray equipment, films, fees for interpreting the films taken, mobile vans and other clinic equipment and the assistance toward the employment of additional clinic personnel have

been provided under the federal health grants program. Grants have also been made toward research into quicker and more accurate methods of diagnosing tuberculosis.

(b) Since 1948 more than $5,150,000 has been made available under the hospital construction grant to assist the provinces to provide more hospital and sanatoria bed accommodation involving the construction of space for 4,292 additional beds.

(c) Prior to the introduction of the federal health grants program, streptomycin was restricted in use and in many cases was not provided free of charge. Since 1948, more than $3,390,000 has been made available to the provinces to provide streptomycin, P.A.S., isoniazid and other antimicrobials free of charge to all sanatoria patients requiring them. The free availability of these drugs has played an important part in the reduction of the mortality from tuberculosis in the past few years.

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SOCIAL SECURITY PAYMENTS, TAX COLLECTIONS—ATLANTIC PROVINCES

Question No. 321—**Mr. Brooks:**

1. How much money has been paid from the federal treasury to each province in the past ten years under provisions of (a) Old Age Security Act; (b) Family Allowances Act?

2. How much money has been collected by the federal government from each of the Atlantic provinces by way of taxes, customs duties, succession duties, or by any other means in the same period?

Answer by:* **Mr. Martin:

The following table shows the total net payments made to individuals in each province in the past ten fiscal years. With the exception of Newfoundland payments under the Family Allowances Act commenced in July 1945, and payments under the Old Age Security Act commenced in January 1952. In Newfoundland payments commenced in 1949-50.

	(a) Total net old age security payments to March 31, 1955	(b) Total net family allowance payments to March 31, 1955
Newfoundland	$ 23,395,340	$ 65,089,410
Prince Edward Island	10,376,000	23,408,757
Nova Scotia	57,235,370	148,663,574
New Brunswick	40,742,425	129,093,637
Quebec	232,907,626	949,739,815
Ontario	404,349,252	857,402,814
Manitoba	64,581,490	156,294,551
Saskatchewan	64,750,325	186,881,212
Alberta	64,634,356	200,380,888
British Columbia	127,675,750	207,315,310
Yukon and Northwest Territories	736,640	5,792,400
Total	$1,091,384,574	$2,930,062,368

Figures for the fiscal year ending March 31, 1956 are not yet final and have therefore not been included.

*See amended answer, page 2936.

NATIONAL GALLERY—PURCHASE OF AHRENS' PAINTING

Question No. 328—**Mr. Murphy (Lambton West):**

1. Did the government purchase a painting by Carl Henry Ahrens, and if so, when?

2. What was the price paid?

3. Was the painting ever exhibited, and if so, when? If not, for what reason?

4. Upon whose recommendation was this picture purchased?

Answer by: **Mr. Pickersgill:**

1. The trustees of the national gallery purchased a painting, "The Road" by Carl Henry Ahrens in 1923.

2. $1,500.

3. Gallery records show the painting was exhibited in various cities in 1925, 1928, 1929, 1930, 1931, 1935, 1936, 1941 and 1952.

4. A committee of the board of trustees of the national gallery.

NATIONAL GALLERY—PURCHASE OF LIECHTENSTEIN PAINTINGS

Question No. 332—**Mr. Murphy (Lambton West):**

1. When the paintings of the Prince of Liechtenstein were obtained for the national art gallery, were they obtained directly from the Prince of Liechtenstein or were they obtained through some agent, broker or dealer?

2. What was the amount paid for each picture?

3. Did the federal government pay a commission for their purchase? If so, how much?

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4. If the pictures were obtained through a dealer, agent or broker, or anyone other than the Prince of Liechtenstein, who was that dealer, agent or broker?

Answer by: **Mr. Pickersgill:**

1. Paintings obtained through dealers.

2. The paintings were purchased in two groups as follows:

(a) 1952-53 fiscal period—three paintings. Price $276,400 for three. "Esther at the Palace Gate", by Filippino Lippi; "Mordecai led by Haman", by Filippino Lippi; "Bathsheba at her Toilet", by Rembrandt van Rijn.

(b) 1953-54 fiscal period—five paintings. Price $360,000 for five. "The Madonna and Child with St. Anthony of Padua and a Donor", by H. Memling; "The Crucifixion", by Quentin Massys; "Portrait of a Prince of Bavaria", by Barthel Beham; "Santa Maria della Salute in Venice", by Francesco Guardi; "The Lacemaker", by N. Maes.

3. Yes. The commission was paid at a rate of 5 per cent on each group (a) and (b): Group (a) $276,400.—Commission $13,770 United States funds; Group (b) $360,000.—Commission $18,000 Canadian funds.

4. Dealer for group (a) $276,400.—William H. Schab, New York, N.Y.; Dealer for group (b) $360,000.—Thos. Agnew & Sons Ltd., London, England.

IMPORT AND EXCISE DUTIES ON U.S. AUTOMOBILES

Question No. 334—**Mr. Pommer:**

1. What was the duty collected by Canada in 1955, on the 27,392 passenger automobiles imported into Canada from the United States?

2. What was the amount of the excise tax collected on these automobiles?

Answer by: **Mr. Pinard:**

1. $10,305,153.

2. No division of excise tax collections is made as between automobiles imported from Great Britain, from those from the United States or from other countries, hence the information requested is not available in excise.

NATIONAL GALLERY PAINTINGS

Question No. 343—**Mr. Thatcher:**

1. Approximately, how many paintings are owned by the national gallery?

2. Approximately, how many of these are on exhibition?

3. Approximately, how many are in storage?

Answer by: **Mr. Pickersgill:**

1. 1,300 (not including the Canadian government war collection entrusted to the care of the national gallery).

2. 300 at the national gallery, 400 elsewhere, total 700.

3. The remainder (600).

BOOK CENSORSHIP

Question No. 345—**Mr. Diefenbaker:**

1. What are the titles of each book banned or prohibited entry into Canada by the Department of National Revenue in 1955?

2. Which of said books was prohibited because of (a) its treasonable or seditious nature; (b) its immoral or indecent character?

3. What officials made the examination of each of the said books, and who made the final decision to ban or prohibit in each case?

4. (a) Are such officials given special training to qualify them to decide what is proper, from a literary, moral or political standpoint, for Canadians to read; (b) If so, what is the nature of such training?

Answer by: **Mr. McCann:**

1. It has been the continued policy of successive governments to not make public the titles of books classified as immoral, indecent or seditious under tariff item 1201 which has been in the tariff since confederation. It has obviously not been felt that the government should be the supplier of a list of selected works of this character. Furthermore, the publication of such titles could serve as a catalogue for those interested in the clandestine importation, distribution or sale of this kind of merchandise. When a publication is classified under this item the importer and the publisher are both personally advised of its classification and have the right of appeal to the tariff board or, with the approval of the minister, adjudication by the exchequer court. If the hon. gentleman asking this question wishes to have a list of the books classified under this tariff item during the year 1955, I will be glad to make it available to him for such use as he may see fit.

2. The 140 books referred to in No. 1 above were all prohibited as being immoral and/or indecent in character.

3. Publications are reviewed for purposes of tariff item 1201 by various departmental officers, but the final decision to classify a publication under this item is, as a matter of policy, assumed by the minister, who takes the responsibility before parliament. Depending on the nature of the publication different reviewers are selected within the department and in some cases outside opinions are also obtained.

4. There are no known courses given in Canada for the purpose of qualifying persons to decide what is proper from a literary, immoral or political standpoint. Where immorality or indecency has to be weighed against literary, scientific or political values in a publication, every effort is made to weigh such values in the method described in No. 3 above.

Questions

GARRY NO. 27 OAT

Question No. 348—**Mr. Robinson (Bruce):**

1. What are the characteristics of the Garry No. 27 oat?
2. How many bushels of registered certified seed was grown in 1955 in Canada?
3. How is this seed obtained at present?
4. Has any of this seed been exported?
5. If so, to what countries and what quantity to each?

Answer by: **Mr. Gardiner:**

1. The Garry 27 oat is a high yielding variety of medium early maturity well adapted to oat growing areas of Canada. It is resistant to Victoria blight and crown rust and highly resistant to stem rust and loose and covered smuts.

2. Up to February 29, 1956, 104,655 bushels of Garry seed oats were graded by inspectors of the Department of Agriculture as registered and 264,427 bushels as certified, all produced from crops grown in Canada in 1955.

3. Seed may be procured from seed growers or seed dealers. Information with respect to seed growers producing Garry seed oats may be obtained from the Canadian Seed Growers' Association, P.O. box 548, Ottawa, Ont.

4. Yes.

5. Information not available.

POWDERED MILK IMPORTS

Question No. 358—**Mr. Tustin:**

What were the total imports into Canada during the year 1955, of (a) powdered whole milk; (b) powdered skim milk, indicating volume, value and country of origin?

Answer by: **Mr. Howe (Port Arthur):**

Imports into Canada are recorded in trade statistics by country of consignment and not by country of manufacture.

Imports by country of consignment, year 1955:—

(a) Milk, whole, powdered (item 2286)

Country	Lb.	Value
Alaska	116	$ 62
United States	16,712	12,231
Totals	16,828	$12,293

(b) Milk, skim, powdered (item 2280)

Country	Lb.	Value
United Kingdom	2,625	$ 195
Australia	636,097	54,498
New Zealand	156,800	12,654
United States	4,680	983
Totals	800,202	$68,330

CHEESE IMPORTS

Question No. 359—**Mr. Tustin:**

How much cheese was imported into Canada during the year 1955, and during January and February, 1956, indicating volume, value and country of origin?

Answer by: **Mr. Howe (Port Arthur):**

Imports into Canada are recorded in trade statistics by country of consignment and not by country of manufacture.

Imports for months January and February, 1956, not yet available.

Imports by country of consignment, year 1955:—Cheese (item 2284)

Country	Lb.	Value
United Kingdom	39,109	$ 20,976
Australia	11,126	1,996
New Zealand	5,501,230	1,210,188
Argentina	128,340	54,395
Austria	1,834	681
Denmark	1,472,798	561,246
Finland	14,161	6,253
France	359,178	180,303
Germany West	46,261	25,573
Greece	11,656	4,510
Italy	1,482,194	746,614
Netherlands	1,009,566	409,941
Norway	76,577	29,588
Sweden	7,822	2,847
Switzerland	1,629,186	963,378
United States	923,988	439,401
Totals	12,715,026	$4,657,890

TRIUMPH MOTOR CYCLES

Question No. 364—**Mr. Hodgson:**

1. Did the government recently purchase a number of Triumph motor cycles?
2. If so, how many did they purchase?
3. Were the motor cycles purchased direct from the factory?
4. If not, were they purchased through an agent?
5. If so, what is the name of the agent?

Answer by: **Mr. Howe (Port Arthur):**

1. Yes. (January 4, 1956)

2. 2,005.

3. No—motor cycles purchased from Her Majesty's government in the United Kingdom—ministry of supply, who in turn place a contract with Triumph Engineering of the United Kingdom.

4. Answered by No. 3.

5. Answered by No. 3.

HOUSE OF COMMONS

Wednesday, March 28, 1956

The house met at 2.30 p.m.

STARRED QUESTIONS

NATIONAL HOUSING ACT—DISCRIMINATION IN SALES OR RENTALS

Question No. 37—**Mr. Knowles:**

1. Has the government received, from the labour congresses and/or from other organizations, representations asking that the National Housing Act be amended so as to forbid any refusal to sell or rent homes built under the provisions of the said act, where such refusal is based on grounds of race, colour or creed?

2. Will consideration be given to the introduction of such an amendment to the National Housing Act?

Mr. Winters: Mr. Speaker, the answer to the first part of the question is yes, we have received one or two such representations. I am glad to say, however, that the cases of discrimination which have been brought to our attention have been very few.

Regarding the second part of the question, when the National Housing Act was being revised in late 1953 and early 1954 one organization did make representations. The government is firmly in accord with the principle of non-discrimination and we, therefore, had full and friendly discussions with this organization which was most co-operative and understanding. We concluded at that time, however, that nothing useful would be accomplished by amending the act.

We have subsequently again gone fully into the difficulties involved in any attempt to enforce non-discrimination, having in mind the nature of the transactions under the National Housing Act.

Central Mortgage and Housing Corporation is removed some steps from the vendor-purchaser relationship and the landlord-tenant relationship in respect of houses financed under the act. A loan is obtained by a builder from an approved lender, and the lender receives an insurance policy from the corporation. There is no contract in respect of an insured loan between the corporation and the borrower. In other words, the transaction is between the lender and the borrower, not between Central Mortgage and the borrower.

When the house or project is completed the owner is free to deal with it in accordance with the provincial laws, subject only to the first mortgage on it. Sales take place and apartments are rented without the corporation's prior knowledge of the transactions. Even the approved lender, who is one step closer to the vendor-purchaser, landlord-tenant relationships than the corporation, would I believe find itself in an ineffective position in trying to enforce a clause such as has been suggested.

Under the circumstances and inasmuch as the government endorses the principle of non-discrimination, we have not been able to convince ourselves that the answer to the problem is through an amendment to the National Housing Act.

WHEAT SHIPMENTS

Question No. 40—**Mr. Balcom:**

1. What quantity of wheat (in bushels) has been shipped since January 1, 1956 to date through: (a) Saint John, New Brunswick; (b) Halifax, Nova Scotia?

2. Of wheat delivered to Saint John for transshipment, what quantities were transported by (a) Canadian National Railways; (b) Canadian Pacific Railway?

3. Of wheat delivered to Halifax for transshipment, what quantities were transported by (a) Canadian National Railways; (b) Canadian Pacific Railway?

Mr. Marler: Mr. Speaker, this question relates to overseas clearances from Halifax and Saint John of Canadian wheat from January 1, 1956. The transport controller has supplied the following figures for the period January 1 to March 14, 1956, inclusive:

	Bushels
1. (a) East Saint John	1,467,707
West Saint John	12,019,593
Total—Saint John	13,487,300
(b) Halifax	9,998,949

As to the quantities transported by the two railways, the Canadian National Railways and Canadian Pacific Railway, the figures are as follows:

	Bushels
2. Canadian National Ry., East Saint John	1,379,206
Canadian Pacific Ry., West Saint John	11,187,516
Total—Saint John	12,566,722

The answer to the third part of the question is as follows:

	Bushels
3. Canadian National Ry.	7,927,760
Canadian Pacific Ry.	nil

Questions

COAL PRODUCTION—BIENFAIT, SASK.

Question No. 42—**Mr. McCullough (Moose Mountain):**

1. What has been the annual coal production in the Bienfait coal field for the years 1950 to 1955?

2. What companies are operating in this field and what has been the individual production for each year from 1950 to 1955?

Mr. Dickey: The table is as follows:

PRODUCTION OF COAL IN BIENFAIT DISTRICT, 1950 TO 1955

Name of Operator	Output in short tons					
	1950	1951	1952	1953	1954	1955*
Harry Banks	2,905	2,914	2,322	1,705	1,919	1,597
Manitoba and Saskatchewan Coal Co. Ltd	534,875	554,947	570,022	566,532	581,679	647,966
North West Coal Co. Ltd	68,585	73,640	79,929	91,402	76,447	78,120
Western Dominion Coal Mines Ltd.	1,110,092	1,071,839	994,811	930,152	1,019,280	1,125,264
Eastern Collieries of Bienfait Ltd.	131,200	98,238	22,262	—	—	—
Havanah Collieries Ltd	20,319	1,009	—	—	—	—
Coats and Kingdon	1,390	475	—	—	—	—
Wheeler and Enmark	4,915	9,427	2,384	**	**	**
TOTAL	1,874,281	1,812,489	1,671,730	1,589,791	1,679,325	1,852,947

* Preliminary figures.

** Transferred to Western Dominion Coal Mines Ltd.

This information is published by the provincial government with the consent of the producers and is, therefore, not a violation of section 15 of the Statistics Act.

Mr. Dickey: This question deals with the annual production of coal by companies in a certain coal field. The answer is in the form of a table, and I would therefore request unanimous consent that this table appear in *Hansard*.

Mr. Speaker: Is the proposal agreed to?

Some hon. Members: Agreed.

TRAFFIC TUNNEL, TORONTO

Question No. 43—**Mr. Michener:**

1. Has the Canadian government or any department received any requests for assistance in the construction of a traffic tunnel between the city of Toronto and Toronto island?

2. If so, has any decision been made by the Canadian government, and what decision?

3. Does the Canadian government recognize any obligation by agreement or otherwise to construct or share in the cost of constructing such a tunnel?

Mr. Winters: The records show that from time to time, almost since the beginning of the century, there has been correspondence in connection with a proposed traffic tunnel between the city of Toronto and Toronto island. In recent years, however, we have received no official representations.

On November 1, 1952, the then minister of public works wrote to the then mayor of Toronto, and I quote the last paragraph from his letter:

As representations have been made on numerous occasions, all informal, some of which favoured the connecting of the island and the mainland, and others which opposed it most strongly, I do not feel that the dominion government should influence these two lines of thought by indicating their willingness to proceed with the construction of either a tunnel or a bridge. I think in fairness to ourselves, who, after all, entered into the agreement some 39 years ago, you should provide us with the guidance that represents the views of the city and thereby avoid our having to decide a problem on which there is divided opinion.

Apparently, the word "agreement" used in this context refers to an order in council, P.C. 1426, dated June 10, 1913. It was rescinded by order in council, P.C. 3926, dated December 23, 1935. In the meantime some of the work outlined in the order in council was completed at a cost considerably in excess of the total expenditure contemplated in the order in council.

Having in mind the federal government's attitude as expressed in the above-mentioned letter of my predecessor, as well as the fact that the only undertaking on record was made almost 43 years ago and has since been

rescinded, and that in discharging some of its terms considerably more money was spent by the federal government than was originally agreed, the Canadian government does not now recognize any obligation by agreement or otherwise to construct or share in the cost of constructing such a tunnel.

ALBERTA GAS—EASTERN CANADA

Question No. 46—**Mr. Castleden:**

1. Did the premier of Alberta make any representations to the Prime Minister or the government of Canada, since June, 1948, with regard to supplying gas from that province for eastern Canada?
2. If so, did that include any condition with regard to arrangements to supply any United States market?

Mr. Howe (Port Arthur): Mr. Speaker, the premier of Alberta has made representations to the Prime Minister and the government of Canada on several occasions since June, 1948, with regard to supplying gas produced in Alberta to meet consumer demands in eastern Canada.

The premier of Alberta has made it clear to the Canadian government that, in the opinion of the government of Alberta, that province has reserves of deliverable gas surplus not only to local requirements but to what eastern Canadian markets can reasonably be expected to absorb. Accordingly, to establish an adequate market, and in the interests of securing maximum return to western producers and the lowest possible prices to eastern consumers, any plan for transportation of gas from Alberta to eastern Canada should, if possible, provide for a reasonable export of gas to the United States market.

Mr. Coldwell: Was this representation made by letter?

Mr. Howe (Port Arthur): Yes.

Mr. Coldwell: What was the date of the letter?

Mr. Howe (Port Arthur): The letter was not addressed to me. I cannot say.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DRUGGISTS' CONVENTION, VANCOUVER—R.C.N. CRUISE

Question No. 274—**Mr. Thatcher:**

1. During 1955, did any ship or ships of the Royal Canadian Navy take a number of druggists and their families, attending a convention in Vancouver, on a cruise?
2. If so, what was the purpose of this cruise?
3. Are such voyages common practice on royal Canadian ships?

MINISTERS OF THE CROWN—TRIPS BY AIR

Question No. 299—**Mr. Dufresne:**

1. How many trips in Royal Canadian Air Force or Trans-Canada Air Lines aircraft, or hired planes, have been made, or taken, by ministers of the crown, since July 1, 1955?
2. Which ministers of the crown were conveyed on said trips, between what points and on what dates?

CANNED VEGETABLE IMPORTS

Question No. 356—**Mr. Tustin:**

What were the total imports into Canada for the year 1955, giving country of origin, volume and value of (a) canned tomatoes; (b) tomato puree; (c) other tomato products; (d) canned corn; (e) canned peas; (f) other canned vegetables?

CANNED FRUITS IMPORTS

Question No. 357—**Mr. Tustin:**

What were the total imports into Canada for the year 1955, showing country of origin, volume and value of (a) canned peaches; (b) canned pears; (c) canned fruit salad; (d) other canned fruits?

EDUCATIONAL GRANTS

Question No. 367—**Mr. Stewart (Winnipeg North):**

What grants or subsidies in aid of vocational or professional training or in aid of any educational activities were made by the federal government in 1954-55, and what were the amounts of such grants?

OFFICER TRAINING PLANS

Question No. 368—**Mr. Stewart (Winnipeg North):**

1. What was the total strength of (a) navy regular officer training plan cadets; (b) army regular officer training plan cadets; (c) air force regular officer training plan cadets, at service colleges at: 31st December, 1953, 31st December, 1954, 31st December, 1955?
2. What was the total strength of: (a) navy regular officer training plan cadets; (b) army regular officer training plan cadets; (c) air force regular officer training plan cadets, at civilian universities at: 31st December, 1953, 31st December, 1954, 31st December, 1955?
3. How many graduates of the regular officer training plan entered the regular force of: (a) navy; (b) army; (c) air force, during 1954-55?
4. What is the estimated number of graduates of the regular officer training plan that will enter the regular force of: (a) navy; (b) army; (c) air force, in 1956, 1957 and 1958?
5. What was the total cost of operation of the Canadian service colleges during: 1954, 1955, and what will be the estimated cost in 1956, 1957 and 1958?
6. What was the total cost of the regular officers training plan during 1954, 1955, and what will be the estimated cost in 1956, 1957 and 1958?

MOTIONS FOR PAPERS

VANCOUVER-JOYCE SUB-POST OFFICE—CHANGE OF LOCATION

Motion No. 49—**Mr. Knowles (for Mr. MacInnis):**

For a copy of all letters, telegrams and other communications, from August 1, 1955 to February

24, 1956, between any person in the Post Office Department and any person or persons in Vancouver, British Columbia, relative to the change of location of the sub-post office Vancouver-Joyce (No. 9795), and the change of postmaster at the said sub-post office.

Mr. Kirk (Shelburne-Yarmouth-Clare): Mr. Speaker, because of the fact that the Postmaster General is unable to be present this afternoon I wonder whether the hon. member would agree to have this motion stand.

Mr. Knowles: I am quite prepared to have it stand. I hope it is not being stood because of the temporary absence of my colleague. It is on his behalf that I have moved it and I trust that it may be available next time.

Mr. Speaker: Stand.

INDIAN RESERVES, SASK.—WELFARE PAYMENTS

Motion No. 53—**Mr. Bryson:**

For a copy of all letters, telegrams, and other correspondence, since April 1, 1955, exchanged between the band councils, or agency superintendents on Saskatchewan Indian reserves, and the Department of Citizenship and Immigration regarding welfare payments.

Mr. Pickersgill: I spoke to the hon. gentleman and I understand he is willing to drop this motion.

Mr. Bryson: Mr. Speaker, I will drop it on the advice of the minister that he refuses to give this information because these documents are privileged. If he is prepared to say that, I will drop it.

Mr. Pickersgill: I regard the documents, sir, as in the nature of a trust.

Mr. Speaker: Therefore the motion is dropped.

PIPE LINES

TRANS-CANADA PIPE LINES—DISPOSITION OF APPLICATION FOR EXTENSION OF TIME

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce if the board of transport commissioners has disposed of the application of Trans-Canada Pipe Lines heard yesterday with the support of the government for an extension of time to November 1?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I received a copy of the order of the board this morning. The time is extended to November 1.

[Later:]

Mr. Fleming: Mr. Speaker, would the Minister of Trade and Commerce table a copy of the order of the board of transport commissioners to which he referred?

Mr. Howe (Port Arthur): Certainly.

[Mr. Knowles.]

ADMINISTRATION OF JUSTICE

REQUEST FOR POSTPONEMENT OF EXECUTIONS PENDING REPORT OF COMMITTEE

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Justice. Has the cabinet given consideration to the matter of postponing all executions in Canada until parliament has had an opportunity to deal with the recommendations of the joint committee on capital punishment now sitting?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, in reply to my hon. friend's question I apprehend that for the cabinet to give consideration to the postponement which he suggests would mean that the executive would be in effect repealing a law passed by parliament. The executive has no intention of doing this.

Mr. Castleden: Under the minister's responsibilities as Minister of Justice would he undertake that responsibility?

Mr. Garson: The same objection would also apply in that case. I am sure my hon. friend is aware that at the present time the recommendations as to the commutation of the death penalty are made not by the Minister of Justice but by the Solicitor General. However, in either case a postponement upon the basis which my hon. friend suggests would mean that the executive or a member of the executive would be in effect not enforcing a law passed by parliament.

Mr. Castleden: I should like to ask one more question. Would it not be possible to do it by commutation, which is the prerogative of the cabinet?

Mr. Garson: My last reply had to do with commutation, but if the commutation is based not upon those reasons that are ordinarily the basis for commutation but upon the principle now suggested by my hon. friend of postponing all executions until the house has dealt with this question, then it would be open to the objections which I have just stated.

Mr. Coldwell: May I ask a supplementary question? Is not that exactly what has been done in the mother of parliaments in Britain where the same laws prevail?

Mr. Garson: My answer to my hon. friend's question is no, that is not exactly what was done. As I understand it, what happened in the mother of parliaments was that the House of Commons—I am speaking now of a previous occasion—passed a bill abolishing—

Mr. Coldwell: No.

Mr. Garson: No, not on the present occasion but on a previous occasion, on which there was a suspension of executions during the period between the time when the House of Commons passed the bill and when this bill was later rejected by the House of Lords.

Mr. Coldwell: It was never a law if it was rejected by the House of Lords.

Mr. Garson: No. It was never a law but the bill in effect was acted upon as a law and I think the action was much regretted by those who took it, after the bill passed by the House of Commons was rejected later by the House of Lords. That, of course, would be an additional reason why we should not do this here until a bill to abolish capital punishment shall have passed both houses of parliament.

WAR ASSETS

RIVIERE DU LOUP ARSENAL—SALE BY PUBLIC TENDER

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): I should like to direct a question to the Minister of Defence Production. Would the minister tell the house when it was decided that the Riviere du Loup arsenal would be sold and for what reasons? When were the public tenders called for? What is the deadline for submission of public tenders?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I have no recent knowledge of the transaction referred to. I suggest that the hon. member place the question on the order paper.

LABOUR CONDITIONS

EMPLOYMENT OF CANADIAN CITIZENS IN LABRADOR

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Labour. I might say that I am so boiling with righteous indignation that I find it extremely difficult to remain composed while asking the question. I trust his answer will soothe my ruffled feelings. The question is this. First, are Canadian citizens seeking employment in Labrador required to complete standard form 60 of the United States civil service commission, handed to them by United States army officials? Second, if so, do these United States army officials have the final say as to the employment of the applicants for employment? Third, why are Canadian security personnel not used for this purpose?

Hon. Milton F. Gregg (Minister of Labour): The hon. member was kind enough to send me notice of his question but I received it just a few moments ago. I take it that it refers to the project at Goose Bay in Labrador under the United States air force. I am sure he will understand if I say that I should like to carry out more research into the matter and will give him an answer just as soon as possible. It will be given, of course, in the house on April 9 or immediately thereafter. But if I can get the information earlier than that, I will send it to him by mail so as to lower his temperature.

UNEMPLOYMENT INSURANCE

STATEMENT AS TO PROVISION FOR PERSONS DENIED BENEFITS

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I should like to refer to the reminder yesterday by the hon. member for Winnipeg North Centre (Mr. Knowles) and also to some queries earlier relating to the same subject by the hon. member for Hamilton West (Mrs. Fairclough). I have conferred with the unemployment insurance commission and am informed that the review of the operations of the act under section 45 (2) and the relations to that of the reinterpretation under section 119 (b) is going forward as rapidly and as satisfactorily as possible but it has not reached the stage yet where any useful results can be achieved by an appraisal at the present time. However, I can promise my hon. friends to make a statement on the matter shortly after we come back.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask a supplementary question? When we come back in April will the minister be prepared not merely to give the statistics asked for in my question but to say whether his appraisal indicates the desirability of amending section 45 (2) of the Unemployment Insurance Act?

Mr. Gregg: Whether or not I shall be able to include that in my statement to the house I cannot say at the moment, but I will tell my hon. friend that the matter will be given my consideration.

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION OF BRANCH LINE FROM BARTIBOG, NEW BRUNSWICK, TO NEWCASTLE

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct a question to the Minister of Transport in connection with the statement he made on Monday concerning the government's intention to recommend legislation for construction of a branch line on the Canadian National from Bartibog to Little River, near Newcastle. Can the minister advise

the house if a preliminary survey has been completed for the construction of this proposed branch line?

Hon. George C. Marler (Minister of Transport): I am advised by the management of the Canadian National Railways that the necessary preliminary surveys to develop the economic justification of this branch line have been completed. That is the only information I have at present as to surveys that have been made.

TELEVISION

REQUEST FOR EXTENSION OF FACILITIES TO MANITOBA

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Is the Minister of National Revenue in a position to reply to the question which I directed to him on Monday last with respect to the extension of C.B.C. television facilities in the province of Manitoba?

Hon. J. J. McCann (Minister of National Revenue): I am sorry that I am unable to give a reply at this time. The board of governors are very busy in their sittings. Although the question has been sent over, I have not yet had a reply.

GRAIN

OATS—REQUEST FOR ASSURANCE OF SUPPLY OF GARRY 27

On the orders of the day:

Mr. A. E. Robinson (Bruce): The question I wish to ask should be directed to the Minister of Agriculture, but since neither he nor his parliamentary assistant is in the house I would address my question to the hon. member for Grey-Bruce, our house leader. Will the minister inquire as to the number of bushels of Garry 27 oats being exported to the United States, and make sure that there is sufficient supply left in Canada for our farmers' needs?

Hon. W. E. Harris (Minister of Finance): I shall be glad to make inquiries and get an answer for my hon. friend.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, March 27, consideration of the motion of Hon. W. E. Harris (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, and the amendment to the amendment of Mr. Coldwell.

[Mr. McWilliam.]

Mr. A. B. Weselak (Springfield): Mr. Speaker, when I moved the adjournment of this debate last night I was discussing the proposition that the government should take steps to ensure the maximum processing of raw materials at home before export. In this relation I was also discussing the problem of the development of our secondary industries, and the effect that such a proposition would have upon the expansion of our primary industries. I pointed out that in my opinion the only way the government could step in to ensure the maximum processing of raw materials at home would be to artificially encourage the further expansion of secondary industries. I further submitted that if the government were to move into this field and encourage the establishment of such industries in Canada, and if these industries came in under circumstances where their operations were uneconomic, then those industries would have every right to return to the government and ask for subsidies or protection. I pointed out that the inevitable result of such a policy would be the complete dislocation and unbalance of our economy. It would result in the necessity of protecting these industries and the primary result would be that the expansion of our primary industries, which are so dependent upon foreign markets, would be curtailed and particularly in the prairie provinces the expansion of primary industry within those provinces would also be curtailed.

In my concluding remarks, Mr. Speaker, I pointed out that since 1932 the average ad valorem rate of tariff on dutiable imports had been reduced by 40 per cent, from an average of 30 per cent to an average of 18·1 per cent.

I would point out to the house that the export of raw materials from Canada has from 1939 to 1954 increased by 288 per cent. On the other hand, our exports of manufactured and partially manufactured products have increased by 260 per cent, which indicates that the expansion of our secondary industries has kept pace with our export of raw materials. This is further indicated by the fact that the index of durable manufactures in 1939 was 107·9; in 1954, it had risen to 297·9; and in 1955, it had further increased to 324·9. In this category the index had practically tripled. With respect to non-durable manufacturing, the index in 1939 was 108·2; in 1954, it was 222·4; and in 1955, 235·3, which was more than double the 1939 figure. The partially and fully manufactured exports had risen from $511 million to $1,846 million, while our exports of raw materials had risen from $273 million to $1,062 million. These figures indicate that our secondary

industries have kept pace with the expansion of our economy. They have established themselves in this country where conditions have warranted it, and our exports have not been out of line as compared with the expansion of the Canadian economy. On the whole, I think this refutes the statement that Canadians are fast becoming hewers of wood and drawers of water.

The figure of $1,062 million which I quoted as the total exports will, however, stand further examination. When we break down these figures we find that the exports of agricultural products and of animal products, which are normally exported in the raw state, are approximately 75 per cent of our raw material exports. The remaining raw material exports which are mainly made up of forest and mineral products are roughly 25 per cent of our total export, or $303,700,000 in value. When we take a look at the import figures of raw materials we find that in this category, a category other than agriculture or animal products, our imports totalled $473 million as compared with exports of $303 million, which makes us not a net exporter but a net importer of raw materials in this class to the value of $170 million.

Reference has been made in the budget debate, Mr. Speaker, to the tariff board, which I understand was set up by the Conservative party, and which has been made full use of by the present government. The policy of referring tariff requests to the tariff board should be continued and encouraged. We had a report on the textile industry last year. A report on the potato industry is in the hands of the minister at the present time, and further inquiries are to be made into iron and steel. The tariff board makes a complete study of the need of the particular industry for further tariff protection. It makes a complete study of the impact that the granting of such protection will have on the Canadian economy as a whole. When these findings are put into the hands of the government it is possible for the government to make a rational decision in so far as any tariff adjustments are concerned, and these decisions are then made on a reasonable basis and not merely for political or other reasons.

I should like to refer for a moment to the question of sales tax. In the 1954 budget, equipment sold to or imported by municipalities for their own use and not for resale at a price in excess of $1,000 per unit, specially designed for use directly for road-making, road-cleaning, or fire-fighting, but not to include automobiles or ordinary trucks, was exempted from sales tax. Municipal revenues are dependent on the taxation of real property. This base of taxation has remained practically constant, particularly with rural municipalities. In order to meet rising costs municipalities have found it necessary to substantially increase their mill rates and have had to go to their respective provinces for additional funds. In practically all the provinces these funds have been made available but they are not sufficient to meet the increasing expenditures of our municipal corporations.

The net result is that our municipalities are having a difficult time in meeting increasing demands for road building, drainage and road maintenance. If he cannot do it in this budget I suggest to the Minister of Finance that in the next budget he remove from the sales tax provision repair and replacement parts for the machinery which was exempted from sales tax in 1954. Repair and replacement parts for these particular items of equipment are quite expensive and form a large part of municipal expenditure. Therefore I would request the minister to give this matter his consideration.

Miss Margaret Aitken (York-Humber): Mr. Speaker, I wish to speak briefly on one phase of the budget because I feel that the Minister of Finance (Mr. Harris) has a tiger by the tail in introducing a 20 per cent tax on the advertising content in Canadian editions of United States magazines. It seems to me that when such taxes are put on we just do not know where they will stop because even now there are rumblings—I am sure the minister has heard them—from Canadian advertising agencies. They are looking askance at branches of United States agencies in Canada. Will the government step in and put on a 20 per cent tax on all advertising placed by United States agencies in Canada or will the government claim that such agencies cannot come into Canada on a competitive basis?

What about the writers who supply fiction for Canadian magazines? I am sure the Canadian fiction writers would be only too happy to see a 25 per cent tax put on all fiction written by Americans and placed in Canadian magazines. However, I do not believe Canadian editors would be very happy with a tax like that because almost 100 per cent of the fiction printed in Canadian magazines is written by United States authors. Therefore I feel that the Minister of Finance has a tiger by the tail.

Since I came into this house I have heard quoted many words uttered by wise men of the past, and the other day I came across a quotation which I think the Minister of Finance may have heard. Sir John Macdonald once said:

> Those who cared to be protected wanted all the protection they could get. They were like the squaw who said of whiskey—that a little too much was just enough.

The Minister of Finance intimated the other night that this is not primarily a tax. I believe it is simply a discriminatory and punitive measure against certain magazines. On March 22 the Toronto *Telegram* called it a vicious tax and went on to say:

> A striking example of the government's misuse of its taxing power to invade the right of free publication in Canada.

This tax is supposed to help Canadian magazines, and it may or may not do that. The advertiser still has freedom of choice as to where he will place his advertising. It is supposed to help Canadian magazines but what about the Canadian reader, the consumer? Will it help him? No, it will not. The two magazines most affected by this tax are *Reader's Digest* and *Time*, and these magazines are not duplicated in Canada and I do not believe that they will be duplicated in the foreseeable future because they are costly magazines to produce and they can exist only on international mass circulation.

The *Reader's Digest* has an annual payroll of $1,250,000 in Canada. *Time* has 33 bureaux in Canada costing with taxes $4 million a year. If these two magazines decide to stay in Canada despite the 20 per cent tax the cost to them based on their 1955 advertising will be approximately $664,000 in the case of *Time* and $620,000 in the case of the *Reader's Digest*.

Quite aside from these two United States magazines published in Canada there are about seven others which will also be affected, although to a much lesser degree. That is, nine United States magazines are to be discriminated against at a time when there are actually 100 consumer magazines coming in here from the United States and circulating in Canada. Those 100 consumer magazines have a combined circulation of 5,929,329. This does not include trade journals.

If the two magazines most affected by this 20 per cent tax decide to get out of Canada and not try to compete with Canadian magazines it will mean that the government is penalizing the consumers as well as the publishers of the magazines. We readers will be deprived of magazines that we cannot get here under any circumstances.

Mr. Philpott: Could we not buy them before they were published in Canada?

An hon. Member: What about *Harper's Bazaar* or the *Atlantic Monthly*?

Miss Aitken: I am not comparing *Harper's Bazaar* or the *Atlantic Monthly* with the *Reader's Digest* and *Time*. I am speaking about a special kind of magazine. As I said, we will be deprived of certain types of magazines because there is no Canadian magazine like these magazines. They are informative and popular and are not duplicated in this country. Personally I resent government interference in connection with my reading matter.

Then we come to another phase of this tax which can be interpreted as censorship. I feel that this tax is dangerous for the government to impose because of that possible interpretation. We do not like any form of censorship here in Canada. I think we are unanimous on that in this house. At the moment the Minister of Finance is confining himself to the advertising content, but what is to stop him from interfering with the editorial content as well? Or is this a form of censorship already? If these magazines move out it will mean that this is a form of censorship.

We know, for instance, that there is no love lost between *Time* and the Minister of National Revenue (Mr. McCann). We know that there is no love lost between *Time* and the Secretary of State for External Affairs (Mr. Pearson). In that connection I found a report in the New York *Times* most interesting. This was a straight factual report, but in the middle I found what could be described only as a deadpan observation. This paragraph reads:

> The new tax hits *Time* magazine and *Reader's Digest* hardest.
>
> *Time* recently has been attacking Lester B. Pearson, Secretary of State for External Affairs, as an appeaser in the Far East, referring to him on one occasion as "Nehru in a homburg hat".

This is an innuendo to which we may not necessarily subscribe, but the fact remains that the Minister of Finance has laid himself and the government open to such accusations.

Then I find, in the next phase, that this is completely inconsistent with other actions of the cabinet. The Minister of Finance has expressed in a very paternal way his concern over the future of Canadian magazines, and that is his reason for this tax. On March 15 the Secretary of State for External Affairs was expressing paternal concern over another phase of our life. He was asked in this house if he had made any protests to the United States government over potential legislation in some states which would discriminate against or even put out of business some Canadian brewing companies that wanted to open branches of their industry in the United States. The minister said that he had conveyed our concern to the United States government, and I quote his words on that occasion:

> That concern is based wholly on the principle involved and not merely on the situation of any particular industry.

The United States authorities, up to now, have agreed with that principle involved and

they shared the minister's concern. But it seems to me that the same principle of discrimination is involved in this 20 per cent tax introduced by the Minister of Finance, which was our concern last week, on the other side of the penny.

The Minister of Trade and Commerce (Mr. Howe), on the other hand, has no compunction about ushering in United States capital to finance and control part of our national resources. The Minister of Finance stands guard over Canadian magazines. The Secretary of State for External Affairs stands guard over the rights of Canadian brewers. Yet the Minister of Trade and Commerce ignores any principle involved. He is quite prepared to give United States businessmen control of our trans-Canada pipe line. I find this all very inconsistent.

Then we come to the results of the tax. I cannot imagine where the minister got this brain-wave of a tax. It certainly was not from the Massey report and, if you can believe the Massey report, it was not from the periodicals, unless there has been a change since the Massey report, because in the Massey report there is this piece of information:

> We were impressed by the fact that Canadian periodicals neither desired nor requested any protective measures apart from an adjustment of tariff rates on paper imported from the United States for publishing purposes.

That is why I say I feel that the Minister of Finance has got the tiger by the tail. This is a punitive and discriminatory measure against nine magazines, but it does not stop there. This 20 per cent tax can penalize the consumer or reader who wants to read those magazines and read the Canadian news in those magazines. It can penalize the Canadian advertising agencies who want to place advertising in those magazines. It can penalize the research bureaux which are used extensively by these magazines. It can penalize the newsstand operators who sell these magazines. Finally, it can penalize the Canadian postal department.

Ministers of the crown are not very receptive to suggestions from this side of the house, but I have a suggestion to make. As I mentioned before, there are 100 consumer magazines that come over here from the United States and they are competing with Canadian magazines. Nine of these are published, distributed and mailed here in Canada, and Canadian postage is used. Ninety-one are published and mailed from the United States, with United States postage used. If we must give some protection to our Canadian magazines, why not put a postal tax on these publications that come into Canada? Then, if Canadians want to buy the magazines and absorb the postal tax, they can do so to the benefit of our treasury. If they feel the cost is more than the magazine is worth, then they have the freedom of choice to take it or leave it. But to put an unfair and punitive tax on just a few of the United States magazines and ignore the others is, to me, an unprecedented and an un-Canadian act.

(*Translation*):

Mr. Gerard Legare (Rimouski): Mr. Speaker, in the few minutes at my disposal, I shall emphasize some of the sound decisions that are found in the budget brought down last week by the Minister of Finance (Mr. Harris). The first that comes to my mind—no doubt because the opposition has been bitterly attacking it these last few days—is the government proposal to introduce a 20 per cent tax on advertising in Canadian editions of foreign publications.

What is the situation at this time? There are in this country three types of publications: Canadian publications put out by Canadians, for Canadians and for the benefit of Canadians; then foreign publications which come to us from great cities such as New York, London or Washington, which enter this country without difficulty and freely circulate here and finally a third and weakest type, that is Canadian editions of foreign magazines.

There is a tremendous difference between these various types of magazines. The proposed tax will be levied on the third type, that is on the Canadian editions of foreign publications. This 20 per cent tax will apply to the advertising content of those Canadian editions.

Most of those Canadian editions are, properly speaking, the original magazine from which a few pages have been taken out to be replaced by other pages containing material relating to Canada. They also contain advertisements from Canadian companies, generally obtained from Canadian advertising agencies, which means that those magazines, published for the most part in the United States and sold in Canada, are in a much better position than Canadian magazines.

In Canada, where the market is restricted by a population much smaller than that of the United States, we have modest magazines far less sumptuously garbed than certain foreign magazines, precisely because their circulation, equally modest, does not allow it. On

the other hand, in the United States, where the population is ten times that of Canada, huge circulations enable publishers to put out substantial magazines of a truly high artistic level. So the circulation of these American magazines being so much larger than the circulation of similar magazines in Canada, their advertising rates are bound to be lower than those of Canadian magazines. Consequently, Canadian editions published by Canadians for the benefit of Canadians cannot compete with American magazines that publish a Canadian edition.

I took it that the intention of this government was merely to balance the costs of production of these two types of magazines, so that the publisher would not have to cut down his budget which, to my mind, would be a very serious mistake. I must say right now that this decision was a very sound one and that it would have been highly regrettable to delay its application.

This decision will also have another effect when Canadian firms prepare their advertising budgets. Advertising in Canadian editions of foreign magazines means so much money lost to Canadian media. This I shall attempt to explain.

Let us suppose that a Canadian edition of a foreign magazine carries from $5,000 to $25,000 worth of advertising by Canadian firms. It is so much advertising denied Canadian publishers who cannot compete with the American publisher, whose production costs are lower because of very large circulation.

As a result of that 20 per cent tax—which, to my mind, is somewhat low, and which I would rather see a bit higher, because I believe it does not equal the production costs differential of United States and Canadian magazines—as a result of that 20 per cent tax on advertising in Canadian editions of foreign magazines, production costs will be better balanced, and so Canadian publishers will be in a better position to compete with those foreign magazines, most of which are but slightly modified editions of the original magazine published in the United States.

Approximately 250 magazines, called trade publications, are published in Canada, about half of them, or maybe less, printed in Ontario. Had the federal government delayed taking the steps announced in the budget speech, before long, and sooner than we think, we would have had to face a competition that would have threatened the existence and survival of numerous Canadian publications. Let me give you an example. Practically all branches of commerce or industry have their own magazine. Jewelers have theirs, and so have contractors, hotel operators, etc. Let us, for instance, take the Canadian hotel operators' magazine.

It is an unpretentious, very well made and interesting magazine, but owing to the fact that we have a limited number of hotels in Canada its circulation is limited in this country. On the other hand, in the United States, with their much larger population, there are trade magazines for inn-keepers and hotel-keepers, and these magazines have a much larger circulation, which means that they are bigger and much more attractively printed. If the publisher of a trade magazine for American hotel-keepers decides to publish a Canadian edition, he will leave out a few pages of his national edition and replace them with some pages on Canada. And these pages will be accompanied by advertising of interest to Canadians, advertising of products or goods which are bought by hotel-keepers. Here you have two trade magazines. One is published by Canadians for Canadians, and it is small. The other, published in the United States for Americans, is much larger because, from its very beginning, it has enjoyed a large circulation in the United States, which means that it has been able to publish more articles in its original edition.

Of the two, the hotel keeper or operator will surely prefer the bulkier, more attractive one, with more reading matter, in short, the more complete one. The circulation of that foreign publication will inevitably rise in Canada at the expense of Canadian magazines for hotel men, builders or restaurant owners, in such a way that Canadian magazines will necessarily reduce their volume and, after "X" months,—I will not say "X" years,—will have to cut down further, or fold up, while the American magazine will establish itself in this country and will build up a circulation likely to compete unfairly with Canadian publications.

Another instance can be given to prove the soundness of this tax. We know that *Life* magazine publishes editions in many countries, France, England, Spain, Italy and that these editions are replicas of the American edition, published by the owners, in New York. Should the editors of *Life* decide tomorrow to publish a Canadian edition they will merely replace a few pages on their American national edition with a few pages

and photographs on Canada, and will then add pages of advertisements sought from Canadians through advertising agencies. This would be a Canadian edition of *Life*. But what would happen then? In each Canadian edition of *Life* magazine, if ever it comes out, we shall find 5, 10, 15, 20 or even 25 thousand dollars worth of ads that might otherwise have gone to the four advertising media in Canada.

My hon. friend from Calgary South (Mr. Nickle) said the other day that there is nothing to prove that this money would go to Canadian publishers. Nothing proves it, no, but we may rest assured that the budget not spent in foreign publications will be allocated to other advertising media in this country, such as magazines, newspapers, radio and television, or even bill boards. We are therefore assured that the advertising budget earmarked for Canada will be spent in Canadian magazines, published by and for Canadians.

It has been implied that by this measure we were seeking to bar the entry of foreign magazines into this country. This is quite untrue. Now or at any future time, any foreign magazine, of whatever origin, provided it passes the censor, will enjoy the privilege of entry into this country and of free circulation, unhampered by supplementary taxes, or higher postage rates.

Several members opposite have claimed that this legislation would deprive Canadians of magazines published outside this country, which is quite untrue. The purpose of the budget speech must be well understood in order to realize that the government does not propose to restrict nor embarrass in any way the circulation or the importation of foreign magazines into Canada. The only kind of magazines affected are the Canadian editions of foreign publications, whether they be published in the United States, in France or in London. Their number is now quite limited; but I think it could be said without exaggeration that certain signs justify the belief that their number will increase in the near future and that it would soon have constituted a serious threat to Canadian publishers. Had not the government decided to impose a tax on the commercial section of those Canadian editions, and it seems to me that the action of the Minister of Finance (Mr. Harris) has been quite wise, this industry would have been seriously threatened in this country. I had already given some thought to this problem and I had been wondering what means could be found to force foreign editors to compete on equal ground with Canadian publishers. I think we have struck upon a happy formula, a genuine discovery, in taxing the Canadian advertising content of Canadian editions of foreign magazines.

I was astounded to hear the opposition criticize this measure. Why? Because, since the beginning of this session, the opposition has gone all out against United States investments in Canada, and hon. members will remember the protests raised by the opposition at the time the bill on the trans-Canada pipe line was introduced in this house. We were then told that control of the market was about to be taken over by the United States and that U.S. capital was encroaching upon our economy. Again a few days ago, the opposition criticized a bill concerning the extension of the Ungava railway. They claimed this was another privilege granted to the U.S., for the mere purpose of allowing them to take a firmer grasp on our country. And now, when the government is introducing a measure designed to protect the Canadian people, and to prevent Americans from taking too firm a hold on the magazine industry in this country, or even acquiring control of that industry, we see the opposition rise as one man in disapproval.

I hope that, despite those protests, the government will carry out its intentions, wishes and plans so that, at the beginning of January, as already announced, this measure will go into effect, because I believe that a remedy to the present condition has been long overdue, and so that a larger measure of protection be granted to our magazine publishers who, until now, have been alarmed by the encroachment of Canadian editions of foreign publications in this country, an encroachment which had tended to increase and which would surely have materialized, according to the information I can get.

I should not like to labour the point. I have tried to be as plain as possible about it. In my opinion, the situation is crystal clear; the government's intention is praiseworthy and should be supported because we will be the first to benefit from it.

If there is one field of which we should keep control it is that of culture, of thought. We must keep the privilege of editing and managing our own publications. It is a field in which we cannot let American or European people, or people from other countries, get control.

If we want our press to remain free, the Canadian publishing industry should be able to live and live well. We have no objection to letting foreign publications enter Canada. Personally, I would oppose any proposal of the government aimed at preventing it. Far from it, I know that it is not the government's intention to take steps in that direction; the government's intention is solely, as I stated at the beginning, to try and balance the cost of production of those two types of magazines: the Canadian magazines controlled, managed and published for the benefit of Canadians, on the one hand, and on the other, Canadian editions of foreign magazines, published by Americans for the benefit of Americans.

Another decision of the government which pleased me greatly concerns the "Caisses populaires" and credit unions.

Through the budget speech we learned that the government intended to call a meeting in Ottawa of the administrators of our credit unions in order to discuss the possibility of placing them on an equal footing with chartered banks as far as loans guaranteed by the government are concerned. I remember that last year when a bill to provide help for fishermen was before the house, several hon. members asked that credit unions—caisses populaires—be placed on an equal footing with chartered banks. In fact, when the bill came back to the house from the committee, we found to our satisfaction that credit unions had been placed on a par with the chartered banks.

I believe—if I rely on what I heard from the budget speech—that the government intends to put credit unions on the same basis as the chartered banks. To my mind, it is a sound idea; it is even a recognition of the work done by credit unions—especially those in the province of Quebec, which I know better than those of other provinces—which have shown that they deserve the same treatment as other more influential financial institutions in this country.

Credit unions perhaps deserve such treatment in recognition of their contribution in the field of house building. They have been leaders and pioneers in that field in Canada; they have made it possible for hundreds and even thousands of Canadians to own their own house. Today the Central Mortgage and Housing Corporation follows the same policy and I believe that both institutions should carry on and extend their activities in that field.

I admire credit unions which, in some cases, attach a particular importance to the moral guarantee offered by the borrower, while the Central Mortgage and Housing Corporation considers mainly his income or his salary, making sure at the same time that he has a permanent or steady position while the credit union, without neglecting such points, takes a much greater account of the moral guarantee.

The same can be said for the type of construction. A credit union will give more consideration to the wish of a borrower to build a house of a given type which is to his liking or which fits in a particular district while the Central Mortgage and Housing Corporation will consider mainly whether the plan complies with the law and will stick to the standards set by the housing legislation.

Two other measures announced by the federal government the day before yesterday have also provided a great deal of satisfaction to the Canadian people, and more particularly to two classes.

The first was announced in this house by the Minister of Labour (Mr. Gregg) who told us that the unemployment insurance commission had decided to extend unemployment insurance benefits to bush workers even though in the past those workers might have refused employment in districts other than their own. This decision which came after a rather large number of meetings between the Department of Labour and the officials of the unemployment insurance commission has made it possible to correct an unfortunate state of affairs. In my own constituency, there were approximately one hundred lumbermen who had been deprived of these benefits because they had refused to take jobs in the Abitibi district, where conditions did not seem to be as favourable as in their own area. These hundred-odd lumbermen, on returning from the north shore—since most of our south shore lumbermen spend the winter on the north shore—were disappointed to learn that they were to be denied these benefits. I should think that our lumbermen, generally speaking, should be treated with a little more consideration. I am particularly sympathetic to the condition of this class of workers who, in this season of the year, leave their wives and children behind to go into the bush where they have to work hard, with axe or power saw, from sunup to sundown.

I suggest that if there is one group of people who deserve the benefits to which

they have contributed while on the job, it is those people. Unfortunately, there are instances where our bush workers are temporarily deprived of those benefits. Sometimes, the benefits are suspended for 5 or 6 weeks.

I have here a request made by a bush worker who, while in camp, learned that his house had burned down. He dropped everything, and rushed home to help his family and then, when he claimed unemployment benefits, he was told that an employee cannot draw benefits under the act when he leaves his job for reasons such as these.

It is the same thing with bush workers who are called back home on account of death in the family. These too are denied benefits for a period of some weeks. I believe that the arbitration board should be authorized to give all sympathy to such cases or given some latitude to judge on their merits, in certain cases, the reasons given for quitting the job.

The other measure I want to discuss is the decision of the government to continue for two years the floor price for butter. That decision was conveyed to us last Thursday by the Minister of Agriculture (Mr. Gardiner). At the beginning of his statement the minister said that he would give the members an interesting message to take home with them for the Easter recess. Well, if the minister gave us that piece of news so that we would convey it to our electors, I have to tell him that the news reached our counties quite some time ago, for no sooner had it been broadcast on the radio than it was being repeated everywhere. I would say that no more interesting piece of news has been announced to our farmers since the beginning of this session.

Those who are in the dairy industry have been wondering for the past few months if the price of butter would remain stable or if it would come down to 55, 52, or 50 cents a pound because of the fact that this winter's surplus was slightly larger. This decision is to be commended and shows that the government was well acquainted with the farmer's position; indeed, the Minister of Agriculture and the members of the cabinet have immediately decided to extend for two more years the act relating to the support price of butter. As a result of this extension, I can imagine a sigh of relief from our farmers back home who find in the dairy industry a modest income to compensate for the losses they of necessity incur in other branches of their activities.

It is a piece of news that rejoices the farmers and proves that this government is paying much more attention than might be realized to all the problems besetting the farmers.

In concluding, I would like to stress a very unhappy situation that exists in one of the Lower St. Lawrence districts, namely the present situation in the counties of Matane, Matapedia, and part of the county of Rimouski where drought caused damages valued at $5 million by the Catholic farmers' union. The farmers in these three Lower St. Lawrence counties suffered losses amounting to $5 million on account of last summer's drought, while they had lost hundreds of thousands of dollars on account of heavy rains the year before.

I am receiving petitions and requests from all over my constituency, from county and municipal councils, as well as from a great many farmers who are seeking federal support, because, they say, we will not be able to seed this coming spring, as the losses suffered last fall were too heavy. I sent the requests to the Minister of Agriculture, but he replied that he could do nothing unless requested to do so by the province of Quebec; it was the only reply he could give under the circumstances, as this is a matter of jurisdiction. It is recognized that no help can be given directly in the province of Quebec, either to an individual or a municipality unless a request to that effect is made by the provincial government. In recent days, the provincial government has decided to take the necessary steps, but by itself, and to spend between two and three hundred thousand dollars in the counties concerned. It will provide grants to some municipalities, asking them to distribute the money in the surrounding district to compensate farmers in drought areas for the cost of seed grain. The provincial government's grant might represent, let us say, half the cost of seeding in the counties concerned. I am confident that had the provincial government submitted a request to the federal government, the latter would have contributed a large amount, so that instead of receiving only partial compensation for the cost of their seed grain, our farmers would perhaps have been compensated for the whole amount. Had a committee been established to look into this matter, no doubt the central government would have investigated the possibility of compensating our farmers for the heavy losses they have sustained recently. Although a loss of $5 million in that area might not be a national calamity, it does

affect the national economy, because that $5 million loss for farmers of three constituencies will paralyse their operations, preventing them from buying farm machinery and improving their land as they would have liked to. Moreover, they will have trouble paying back their farm loan, at least those of them who had to mortgage their property.

In conclusion, I must say that I regret such a situation; I wish the federal government had been in a position to help alleviate the recent difficulties of farmers in that part of the Lower St. Lawrence. I hope that it is not too late and that the government of the province of Quebec will put its pride aside—if its decision was indeed inspired by pride—and will request the assistance of the central government for the benefit of those people whose difficulties I appreciate and to whom I extend my most sincere sympathy.

(*Text*):

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, during the course of his remarks on Monday last my deskmate, the hon. member for Nanaimo (Mr. Cameron), pointed out to the house that he found to his amazement little or no reference of any kind whatsoever to the defence expenditures in the budget address. He concluded that among other things apparently the government expects the people of Canada to accept those expenditures as a matter of course, and it is quite unnecessary to explain these expenditures in spite of the fact that they do constitute well over half of government spending. I was rather amazed to find that in so far as agriculture is concerned little or no reference was made in the budget to that subject, either. It was rather astonishing to realize that the Minister of Finance found it necessary to use more than 12,000 words to set out Canada's economic position and to devote only two very short sentences to Canada's most important industry. Those two sentences are to be found at the bottom of page 2325 of *Hansard,* and I should like to quote them:

> For example, wheat farmers had a much better than average crop, but during the first part of the crop year were unable to deliver as much as all of us would like to have seen. However, this has changed materially since the session began, and sales have greatly increased.

My first thought was that the minister had run out of paper. He would have given the house a more realistic picture of the agricultural position had he, following the word "began", added: "and still the farmer's position is steadily deteriorating". I think that would have been a much more realistic statement. Therefore, the only conclusion I can come to is that this rather grave deliberate omission is further evidence that this government has relegated agriculture to the role of unimportance in this country.

The minister then went on to make some rather broad and general statements regarding the economic condition in this country. He said: "We have had a buoyant and successful year". Later on he said: "Our economy has advanced rapidly and continuously through 1955". It is because of those all-embracing statements that I was prompted this afternoon to rise and take part in this debate. I feel that such broad and sweeping statements must not go unchallenged in view of the fact that we have in this country a very depressed section of our economy.

My concern for agriculture is basically justice for our farm families. I think it is undeniable—and it is something for which this government stands condemned and they must accept responsibility for it—that in the midst of this widespread prosperity in every other industry, to which the minister and his colleagues like to point with such pride, we have farm families and agriculture in general suffering from the heavy hand of poverty. I think it is clear that the government has failed to provide economic justice for that very large section of the Canadian people.

We talk about the great future of this country. I am sure that if we are to be a great nation this government must accept responsibility to see to it that all the citizens of this country are assured economic opportunities. Surely, it is the moral responsibility of any government to see that all of the people are guaranteed not only social and political justice but economic justice as well.

Every time agriculture is discussed in this house we have had it pointed out over and over again that that does not apply in so far as agriculture is concerned. When the Minister of Agriculture (Mr. Gardiner) rises in his place in this house, as he does on every occasion, and attempts to set out the farmer's position and the position of agriculture and quotes and persists in quoting gross farm income, he is doing an injustice; he is not only unfair to the farmer but he is casting doubt in the minds of great sections of people in other parts of Canada as to the

justification of the farmer in saying that he is not getting his fair share of the national income. This is a deliberate attempt to mislead and misrepresent the true position. I do not know who those economists are who bring those gross figures to the attention of the minister on every occasion, but I am convinced of this. If those economists had attended the school of hard economic facts that the farmers in Canada have attended they would have flunked out because after all it is the farm net income that is the important thing. It is the net farm income that pays the farmer's bills, and nothing else.

According to the latest dominion bureau of statistics figures we have received, since 1945 there has been a steady decline in agricultural income in this country. Net income has dropped from a high of $2,154,527,000 in 1951 to $1,125,641,000 in 1954, a drop of 48·22 per cent throughout Canada. In that same period capitalization of Canadian firms rose from $5,671 million to $9,718 million, almost double. The prairie provinces suffered even worse, Mr. Speaker. In 1951, the net farm income of the prairie provinces amounted to $1,127,300,000. In 1954, the net farm income had fallen to $376 million, including inventory, a drop of 66·44 per cent. These are the cold, hard economic facts. That is the sorry record of agriculture in this country. Yet, on the other side of the ledger what do we find? We find that 25 companies in this country dealing directly with farmers had their average profits go up 402 per cent since 1946.

How does the government propose to solve the dilemma that agriculture finds itself in today? Well, apparently the best the government can do is to stand around like a stunned ox and hope that something turns up. The best they can do is to suggest that nothing short of an agricultural disaster is going to solve the problem. In the meantime the agricultural experts in the department continue to conjure up silly phrases. Seasonal fluctuations, they call them; temporary periods of adjustment. They say that slight difficulties are being encountered, that there is some buoyancy, and a good many other equally foolish phrases. The farmers are not impressed with that kind of diagnosis. They see in a 50 per cent cutback in their income, not something which is temporary, they see it as something which constitutes a major disaster.

I should like to ask members of the government who come from rural areas in Canada: Have you had any success in trying to convince the farmers in your area that their loss of purchasing power is not real? Have you had any success in trying to convince the farmers in your area that a 50 per cent drop in their purchasing power is just statistical? Such statements and such talk are possibly all right in the House of Commons or when used by the Minister of Agriculture, but I doubt if anybody could get away with it back in his own constituency.

I believe it is time that Canadian agriculture had a bill of rights, and I suggest that that bill of rights should be premised on the principle that the family farm should be assured a parity income. I would be the first one to suggest that under certain circumstances it might be necessary to make subsidy payments, that under certain circumstances some support would have to be forthcoming to guarantee a parity income to the family farm. I believe that we must reestablish in many sections of Canada the family farm because it is the best possible type of land tenure we can have, because it will give assurance that we are going to maintain in this country the kind of community which we need, and with the continuance of that community life guarantee the maintenance of local government which in my opinion is the most important level of government.

The tendency in many parts of Canada is toward the corporation farm in the name of efficiency. As I have said in this house on other occasions, I am firmly convinced that we could not make a case in support of the family farm in the name of efficiency, but I believe there is something more involved than mere efficiency. We should learn from the lessons of history, because it is a fact that political freedom tends to disappear in any country that fosters a system of land tenure that builds up the corporation type of farm. Whether the land is under the control of individuals practising private enterprise or under the control of the state, as it is in the Soviet union, is of little consequence as both systems tend to rob the people of their political freedom.

Millions and millions of dollars are being spent today by the United States and other countries of the free world in trying to once again establish small land holdings. Today the United States is spending millions of dollars in South Viet Nam to break up the

huge land holdings by a few people. They are trying to return to the people the political freedom which they lost when their land was taken over by individuals and large land owners. One of the first things that General MacArthur did in Japan was to break up the large land holdings where the people were considered only as a part of the capital investment. So I say we should foster and develop the family farm as the best type of land tenure in order to maintain the political freedom and democracy which stems from local government.

I make my case for parity income on that basis. We are criticized when we talk about parity income or parity prices on the basis that it is going to cost the country something to maintain and support it. It seems to be perfectly all right for the taxpayers of this country to subsidize the Canadian Pacific, to subsidize the mining and oil industries, to subsidize by way of tariff the manufacturing industry of this country. We are told that that is wonderful, that is commendable, that is delightful, that is free enterprise; but when we ask that a subsidy be made available to agriculture we are told that is an entirely different matter, that is terrible, that is deplorable, that is impossible, that is socialism, that would be an attempt to corrupt and undermine the farmers' very moral fibre and would bankrupt the country.

As I listened to the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) suggest that if all the legislation which had been sponsored and supported so far by the C.C.F. were carried out it would cost the people of Canada billions of dollars, I could not help but think how absolutely ridiculous such a statement was. As I said, I am ready to suggest that possibly some subsidy payments might be necessary under a plan which would assure the family farm a parity income, but let us not confuse the issue.

We are worried about surpluses in this country because of overproduction. I agree that surpluses do come from overproduction, but surpluses occur whenever production exceeds the demand. In all cases demand does not reflect need. I think it is important to remember that. Demand is restricted by the ability of people to buy, by their purchasing power. Until the domestic needs of this country are met, the genuine human needs, we would be well advised to refer to it as underconsumption rather than overproduction. When purchasing power falls to low levels and manufacturers find that their consumer goods are starting to pile up, they overcome that situation quite easily by turning off their electricity and laying off workers. The result of course is that they do not have overproduction, that they do not have surpluses, but what is more important is that they do create a surplus of idle workers which is something infinitely worse in my opinion than overproduction.

The government seems to feel that to maintain the purchasing power of the farmer by way of supports would place a great burden upon the Canadian economy, but I submit that if it is not done it is going to cost the Canadian people an extremely large amount of money which will have to be paid out in the form of unemployment insurance and other programs in order to maintain in small measure the income of the unemployed people in this country. There is no place in modern scientific agriculture for the argument that farmers do not necessarily have to rely on economics in order to carry on, that the farmer has some sentimental attachment, some sentimental affinity for the soil and for that reason will maintain his position regardless.

One of my constituents wrote to me and said, "I have a two-point program which I think would be very effective for agriculture in this country. The first point is to implement a system of parity prices, and the second is to fire Jimmy Gardiner." I agree that that is basically a sound program for agriculture. I am sure, too, that the Minister of Agriculture would like to quit his cabinet post and retire to his farm at Melville, Saskatchewan.

Mr. Harris: Wouldn't you be elated?

Mr. Bryson: On the other hand, he is in an impossible position. He cannot afford to do that because of the unrealistic and poverty-stricken agricultural policies in this country, to which he has been a party.

In conclusion I should like to say, in so far as a bill of rights is concerned, that apart from the basic and fundamental premise I mentioned in the first place, upon which such a bill should be designed, there should be a farm credit policy to provide for the efficient establishment of the family farm by means of short, interim and long-term credit. This is an absolute necessity if we are ever going to establish the kind of land tenure that I believe is best for this country.

I believe too that we should, as a third point, adopt the principle of orderly marketing through the government and co-operative agencies. Speaking of co-operative agencies, I should like to see this government set up a federal department of co-operation to assist in the expansion of these very important social and economic institutions.

I should like to see a comprehensive crop insurance program in all sections of Canada. I should like to see the establishment of an agricultural disposal corporation to negotiate intergovernmental trade and to co-operate with the food and agriculture organization. I believe the duties and responsibilities of such an organization should be to dispose of all agricultural products, both domestically and in the export market.

I was very happy the other day to hear an hon. member opposite suggest that the government should expand assistance to those in the low income brackets, to further augment their food requirements. I think it was an admirable suggestion, one I endorse and which the group to which I have the honour to belong has been suggesting for a long time. I should like to see a school lunch program instituted.

All these things would be under the jurisdiction of the proposed organization I have just mentioned. I believe that if such a program were adopted in principle it would solve in large measure the very serious plight of Canadian agriculture, and would return to that presently impoverished industry its fair share of the national income.

(*Translation*):

Mr. J. A. Habel (Cochrane): Mr. Deputy Speaker, may I ask you to convey to Mr. Speaker, in the name of the electors which I have the honour of representing here, our feeling of admiration for the dignity with which he presides over the proceedings of this house. I am often in sympathy with him, as one sometimes needs the wisdom of Solomon to make decisions with as much fairness as he does. There is however a consolation for us, members of the house, and it is to find that his work, hard as it is, does not seem to be too much of a burden for him since he does not seem to have aged since he was appointed to his present office which is, it is true, honorary but which also involves great responsibilities.

Now, Mr. Speaker, conscious of the active part taken by my able predecessor in the debates of this house during the 27 years in which he has represented with such dignity, the constituency of Cochrane which I now have the honour to represent, I will not try to surpass his performance.

My predecessor, who is now sitting in the other house, has certainly done honour to his electors during these 27 years. His appointment to the Senate was the crowning of his career and the honour conferred upon him by the right hon. the Prime Minister (Mr. St. Laurent) was reflected on the electors of his constituency who, on many occasions, in different general elections, had placed their trust in him.

As we are now discussing the budget, the house naturally expects me to talk about it, and this is just what I propose to do.

(*Text*):

Mr. Speaker, through you may I congratulate the Minister of Finance for the clear and concise picture he has given us of the affairs of this country in his budget address. I think it would be quite in order also for me to have a word of praise for the whole cabinet. All the ministers deserve credit for having contributed by their teamwork in having managed to change a forecast deficit of $160 million to one of two-thirds less, that is to say to one of $51,700,000. I would be the last one not to give credit also to Canadians as a whole, who have largely contributed to such an achievement.

However, if the opposition parties can always blame the government when things are not as bright as they could be, would it not be in order for hon. members opposite at least to honestly recognize the hard work done by the Liberal government? After all, it was only a year ago that they were predicting in this house more unemployment and even the possibility of a great depression. Prophets of gloom, they now refuse to see the light, and in their speeches inside and outside the house are clamouring that had they been in office, they would have done great miracles.

Of the three opposition parties, one at least has so far plainly said what it would have done, and that is the Social Credit party. In his speech in this debate the hon. member for Lethbridge (Mr. Blackmore) left no doubt in our minds that they would have flooded the country with phony money, under the policy of physical possibility. In this connection may I be permitted to give them a little food for thought. I now quote from an article in the magazine *Labour Research*, the title of which is "Physical Possibility *v.* Economic Possibility":

> Someone once said that whatever is physically possible is financially possible. In one sense, of course, that is true: physically we could grow bananas in Canada, by reproducing artificially here in the soil, temperature and other conditions of the countries in which they grow naturally; and if we wanted hard enough to do it, no doubt we could find the money. It would be both physically possible and financially possible. But no one in his right mind would try to do it as a commercial enterprise. That is why "whatever is physically possible is financially possible" is, for practical purposes, dangerous nonsense.

On this ground I would also take the opportunity, knowing that the hon. member for Lethbridge (Mr. Blackmore) likes very

much to lecture the house on social credit, to suggest to him that in his next speech he explain to us paragraph No. 3 on page 42 of the book, "Warning Democracy", by Major C. H. Douglas, which paragraph reads as follows:

That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary.

If these Social Crediters are willing to replace wages and salaries by dividends, let them say so.

Mr. Blackmore: How about the unemployed?

Mr. Habel: As to the C.C.F. members, Mr. Speaker, their experience in public ownership in Saskatchewan was so dreadful that now they even accept the principle of United States investment to develop their natural resources.

Mr. Studer: They are paying capitalists to come in there now.

Mr. Habel: Their Regina manifesto is so badly out of date that they do not dare mention it any more. The great majority of Canadians do not believe in socialism, and the C.C.F. are fighting a lost cause and know it.

Mr. Studer: The hon. member for Winnipeg North Centre threw it out the window the other day.

Mr. Habel: As for Her Majesty's loyal opposition, the Conservatives, they do not yet know where they stand. At this point, Mr. Speaker, may I say that quite often during the present session the Leader of the Opposition and some of his supposed followers, and I emphasize "supposed followers", have teased us many times by references to the importance of toeing the party line. Perhaps it would be better for the Leader of the Opposition to have his followers accept that policy rather than the one sponsored by a certain Tory at the annual Conservative meeting on January 16 of this year. I quote from the Ottawa *Journal* of January 17, 1956, in which I read the following:

Mr. O'Leary, introduced by Harvey Galbraith, Calgary, retiring Young Conservatives' president, first warned against attempting to draft specific remedies or blueprints to solve all the problems of Canada. Such action would only set up targets for opponents and deflect from them the force of criticism.

This represented no negative policy; the "No. 1 priority task of the Conservative party was the turning out of office of men no longer competent to govern this country". That was the real task and problem.

"I beseech you, and the senior Conservative association as well, not to spend too much time rushing off in all directions pretending we have all the answers."

[Mr. Habel.]

Later on he said:

"Our task is to mobilize the spirit of discontent and channel it into support of the Conservative party and the people know we are the only alternative", said Mr. O'Leary, and his audience applauded.

Of course they did believe in his credo.

People who asked what was the difference between the Liberal and Conservative parties showed an appalling degree of ignorance.

He was speaking of the people who do not support the Conservative party. He said they showed an appalling degree of ignorance.

The difference was in emphasis. The Conservatives emphasized the commonwealth but the Liberal government held the sceptre of commonwealth as if it burned its fingers and surreptitiously was trying to destroy the symbols of commonwealth.

The once great Conservative party is insulting the intelligence of Canadians in following that policy as they have been doing in the house since that day. The exaggeration in their speeches, such as the one given yesterday by the hon. member for Eglinton (Mr. Fleming), clearly demonstrates their intention to adhere to that policy. A few days after the budget address was presented, here is what the *Financial Times* had to say to the Conservatives. I am not going to quote the whole editorial, but it reads in part as follows:

It is the traditional custom for the debate on the budget to be opened with a short comment by the financial critic of the official opposition immediately following the conclusion of the budget speech. The comments of J. M. Macdonnell on Tuesday evening provide an obvious clue to the main line of attack that will be pursued by the Progressive Conservatives during the course of the debate. Speakers for the two other parties, one of them at least, probably will follow a similar policy. He didn't know, Mr. Macdonnell said, why the Liberals should applaud expenditures of $5 billion; there was nothing else to applaud.

That is not a new criticism of the Progressive Conservatives. In the course of the last two or three parliaments, representatives of the party have been consistently hammering at the government for its failure to cut expenditures. Unfortunately, however, except for suggestions where there could be savings in the operation of certain government departments, savings that would represent merely a drop in the bucket from a budgetary point of view, there have been no recommendations forthcoming as to where and how there could be a worth-while reduction in federal expenditures. On the contrary, there has been criticism of the administration on the grounds of the inadequacy of Canada's defences, any improvement in which presumably would cost money.

From none of the three opposition parties has there been any serious suggestion whereby social welfare costs could be reduced; and, with defence expenditures, these constitute an overwhelming proportion of government expenditures today. The Progressive Conservatives are unlikely to do their cause very much good by attempting to draw the wool over the eyes of the electorate in their campaign for thrift. On the other hand, they could help their cause in some directions by calling for a halt to social welfare schemes or even calling for a re-examination of the existing social welfare structure.

On such matters, Mr. Speaker, the Conservative party would not dare commit itself. It prefers to sit on the fence so as to not hinder its policy of negation with respect to everything done by the Liberal government.

May I now be permitted to give to the members of Her Majesty's loyal opposition food for thought, and especially the Leader of the Opposition. In doing so I do not wish my remarks to be taken in any way as intending any discourtesy. I point to the statement that it was difficult perhaps for hon. members on the opposition side who spoke to point to any practical things we could have done. I recognize that perhaps that is the traditional approach of all oppositions. It is not their function to sing paeans of praise to the magnificent job the government has done, no matter how much they believe it in their hearts as most of them actually do.

Mr. Speaker, those words are not mine. I am quoting from page 346 of *Hansard* of the Ontario legislature of March 20, 1947. Those are the words of the then premier of the province, who now happens to be the leader of Her Majesty's loyal opposition in this house. They could very well refer to that statement of his and realize, from his own words, that perhaps they are saying what they do not believe in their own hearts.

I am not going at any length into the general discussion that has taken place. Naturally I can say definitely that I for one will be voting against the amendment and the amendment to the amendment, and I think I shall not be alone in doing so. These are presented as a matter of custom by the opposition. I may say that I really wonder if they represent the views of the opposition. But we shall expect them to vote in support of them, and then a vote will be taken which doubtless will sustain the government, having regard to the course the debate has followed.

Mr. Speaker, once more these are not my words. They are quoted from page 347 of *Hansard* of the Ontario legislature of March 20, 1947. These are words of the then premier of Ontario, who now happens to be the leader of Her Majesty's loyal opposition in this house. So he could probably refer his own members to the *Hansard* of that date and ask them at least to try to come to this house with a concrete suggestion, rather than merely opposing everything when they do not even believe it in their hearts.

Mr. Speaker, as much as I should have liked to see an increase in family allowances, old age security, old age assistance and all branches of social welfare, one must be realistic. As members of parliament it is our duty to help the people of this country realize that there is a price to pay for democracy. That price is to make sure that it will survive. To make sure it does survive, we have to face the heavy cost of preparedness for our national defence, and we shall have to face it as long as threats of war hang over the world. I have faith in the good judgment of Canadians. They too believe in that.

With regard to federal-provincial fiscal policy, I feel that the Liberal government deserves credit for its achievements in this field. As a true Canadian I am one who believes that we should live as a family. The have-not provincial sisters, as we may call them, are entitled to and deserve brotherly assistance from the well to do provinces. As a Canadian and as a Liberal I was glad to vote for Bill No. 82 and Bill No. 83 to help the western farmers. I am pleased to know that freight assistance on shipments of western feed grain will be continued. This measure not only helps the western provinces but contributes largely to assist the farmers of the maritimes and Newfoundland.

For instance, here are a few figures. Freight assistance paid on shipments of western feed grain during 1955 to New Brunswick was $1,074,000; to Nova Scotia, $1,749,000; to Prince Edward Island, $398,000; and to Newfoundland, $409,000. Those amounts were paid by the federal treasury, and surely it helps those provinces as well.

The maintenance of the floor price on butter is another measure which will help the farmers of the two central provinces. All these policies mean that the federal government is alive to the need for a balanced economy. They have contributed to the welfare of the farmers in the past. It will keep their buying power at a level which will maintain the economy of the country on a sound basis.

(*Translation*):

Mr. Speaker, may I be permitted a few more words. I have before me a leading article which appeared in *Le Droit* of Ottawa on March 20, that is, the very day on which the Minister of Finance made his budget speech. This article bears the title "A year of prosperity", and I wish to quote the last paragraph, which reads:

> However, this prosperity is not without shadows. The danger could come from the fact that production could not keep pace with demand. If Canadians want this prosperity to continue, they must, during the 1956-57 fiscal year, show caution in their spending in order not to be victims of the latent forces of inflation.

Those are words which, I hope, will make people think. The article continues:

If they are cautious, they can expect as good a year as, if not better than, the previous one.

On March 21, the same paper, *Le Droit*, published another editorial stating that, even if the hon. members of the three opposition parties seemed to think that there is nothing in the budget, some representatives of the people—on the whole newspapers represent public opinion—find there is something in it. I therefore quote:

Two important aspects stand out in the budget:

1. Our economic recovery is proceeding. Next year, the gross national product will reach 28 billion dollars; this is why the minister foresees a surplus of $100 million.

2. The central government is definitely turning away from tax agreements and is resolutely embarking upon a policy of sharing taxes, equalization and stabilization of provincial revenues.

Having discussed the budget, the editorial concludes:

This may be due to the fact that Mr. Harris does not regard the budget speech as the summary of government policy, but is satisfied with making out of it an accounting document.

It must be recognized that, in this respect, his speech shows an unequalled clearness. We know where we are going, even if we are told quietly. And this is not a slight merit. We do not have to scrutinize the future beyond rhetorical fancies or the veil of allegory. We keep both feet squarely on the ground. And, after all, this is the main thing.

Our condition, as taxpayers, remains the same. All in all, it is an enviable one. There are many who are more, much more unfortunate than we are. We are still among the privileged people of our poor world rocked with agitation and disquiet.

(*Text*):

Now, Mr. Speaker, I shall conclude with these words. I do not think there could have been the alarming possibilities in the budget address that the members of the opposition parties have claimed. The Canadian people, regardless of the gloomy prophecies of opposition parties, have faith in the future of this great country of ours and they also have faith in the Liberal government.

Mr. H. O. White (Middlesex East): I rise to take part in this budget debate because of the various far-reaching effects that the budget is supposed to have upon our whole economy. The budget should affect nearly every individual and many of us, I think, hoped it would beneficially affect all the people. So far as I can see that has not occurred at this particular time with this particular budget. Down through the years I have endeavoured to interpret to the minister and to the house through you, sir, the opinions of my constituents and what they are thinking. After all, they are the people to whom you and I, as members, are responsible. What are they thinking?

This is what I find. It was a rather flat budget. It was certainly not inspiring. It was notable for what it did not do. It was not an election budget. When we come to this question of an election budget, quite a bit was said about it yesterday so I am not going to stress it very much. But this is what people are thinking. Only in an election year can we expect a sunshine budget. Then the next year the government takes away from you any benefits you received. I believe it was P. T. Barnum who said, "You can fool some of the people all of the time, and all of the people some of the time, but you cannot fool all of the people all of the time." I believe the people are beginning to catch on to what a former minister of finance was pleased to call cyclical budgeting. Back in those days we thought there was some system of budgeting, but over the years we have found that the needs of the day dictate the type of budget that is presented to us.

I said that in election years we can expect some reductions in taxes, but then they take those benfits away again the following year. This year the government is taking taxes from the people at the rate of $300 per year from every man, woman and child. This amounts to about $1,200 for the average family in Canada, and that is the amount they have to dig up before they can use any money for living expenses. The average family man in Canada can hardly realize that he pays this large amount in the way of sales taxes and hidden taxes which are included in the cost of the things he buys. A man who is in the income tax bracket also pays.

Mr. Harris: Does my hon. friend say that every man, woman and child in this country pays $300 in taxes?

Mr. White (Middlesex East): All I have done is to divide the $4,763 million—

Mr. Harris: Yes, I know that is all you did.

Mr. White (Middlesex East): —by the 16 million people in Canada, and that comes out to about $300 for every man, woman and child. If I understand taxation properly, it all comes out of the right hand trouser pocket of the people of this country. There is no hidden source of income of which I am aware. It is the people who pay. This is $23 more per person than was taken from the people a year ago. I think it was an unrealistic budget, and took no thought of the alarming trade deficit that has been growing for some three years now as between ourselves and the United States of America. I understand that in this past year the deficit stood at some $840 million. Actually the budget contains no measures to counteract that dangerous trend.

The other night the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) mentioned the fact that almost half our total expenditure is used for national defence. When I compare the expenditures of municipalities and the difficulties they encounter in raising funds to meet those municipal expenditures, I am bound to say that there is no tax-spending government in Canada that is as careful of the taxpayer's dollar as the municipalities. They are very close to the people. The voters in the municipalities carefully watch how their tax dollar is spent. They know what they get in the way of schools, roads and so on.

As I say, almost one-half our total expenditures are for national defence. While we as Canadians realize the seriousness of the world situation, I think we have less to show for our tax dollar than any other dollar that is spent. We hear of these D.E.W. line developments. I realize that research and the development of these modern planes is a very costly process. By the time they have left the drawing board and are in production they are obsolete and we must start all over again. I realize that is a costly business, but at the same time it does seem to me that there is inevitably a tremendous waste of the taxpayer's dollar in this Department of National Defence.

The minister has more or less admonished the Canadian people to be thrifty, hard-working and saving. But at the same time he did not do a great deal of that so far as his own financial housekeeping was concerned. We are told by the government that this is a booming economy and everything is going along fine. When I look at the position of agriculture I am not so convinced of that. But admitting that we are enjoying a booming prosperity, we are not able to retire debts or to decrease taxes. This cyclical budgeting has gone out of the window and, so far as this government is concerned, thrift, hard work and saving have also gone out of the window.

The hypocrisy of the whole thing is to ask individuals to practice those virtues and then after the individuals do so, along comes the income tax department and says, "Hand it over, we can spend it to better advantage than you can." It is no wonder Canadians are not able to invest in these enterprises that are developing our natural resources to the extent we wish they would. It is because they haven't the money in their pockets with which to do so.

There should be a realistic approach to the question of our trade deficits, and some drastic action should be taken in connection therewith. We are an agricultural country and we have surpluses of many farm products, yet we import vast quantities of farm products. I realize that some of these products come from the southern United States and we are not able to produce them. On the other hand, vast quantities of farm products that we could well produce are imported from the United States. Since we have a surplus of other farm products, we could turn the acres that are used in the production of those products into the production of other products that we are now importing. If the farmer is to change his production from one line to another he must have some assurance that he will have more than a one-year market. He has to do some planning as well as anybody else, and he wants to know that if he changes his methods of production and invests in different kinds of machinery he is going to enjoy a market for some years to come.

The other day on the motion to go into supply I talked on agricultural problems. Just at the very time Canadian farmers were harvesting their onion crop a boatload of Egyptian onions was unloaded in Montreal, which more or less wrecked the market for the Canadian onions. What did the Egyptians do with the dollars they received for their onions? Apparently they turned around and bought war supplies to supply the trigger-happy Middle East to further increase the war tension in that area. At the very time Canadian farmers were harvesting their potato crop in June, July and August, 22 carloads of United States potatoes were unloaded in Canada per day, amounting to some 7,000 carloads.

These are just two items. I could go on down the list and give many canning factory crops that are produced in the southwestern Ontario area that were brought in to the detriment of Canadian producers. Canadians are becoming more and more apprehensive of the domination of the United States. We have reached the point where we are afraid to use the word "dominion"—at least some are—but the United States is going to have dominion over this country with their dollars. They are cutting off an increasing supply of Canadian dollars for investment in our natural resources. As I mentioned before, if the tax-gathering facilities of the government continue to draw off Canadian dollars we shall never have the dollars to invest that we might have had.

Last year Canada imported 12 million pounds of cheese. The Minister of Agriculture well knows the difficulty he is having with the butter surplus, yet here we are a dairy country importing 12 million pounds of cheese. Last year we imported almost 12 million pounds of beef. We have so much

grain that we do not know what to do with it. It could be turned into beef, yet we import 12 million pounds.

Many municipalities hoped that some aid might be forthcoming in this budget. I have said time and time again that the government should assume the taxes on all the properties they own, regardless of whether it is 2 per cent, 4 per cent or whatever it might be of the total property in the municipality. If they did that they would be indicating to the Canadian people and the municipalities that they are a part of this country and are not above and beyond the law.

I want to touch for a moment on the $885,000 that is to be spent on foreign art. I am neither an artist nor a judge of art, but I have this thought. Why not encourage Canadian art and Canadian artists? The gallery is supported by Canadian funds for Canadians, or is it for Europeans? I wonder. Provincial and federal competitions in art could well be encouraged. If we spent some of our own Canadian money on Canadian art it would be well spent in comparison with some imported foreign art treasures at $885,000.

I am going to touch on the question of the disease called scrapie that is creating quite a bit of consternation in the sheep industry in Canada. I mention it because I understand it is proposed to pay $90,000 for one flock of sheep that has been destroyed. The first news item mentioned the fact that some 500 sheep were involved. I see the ante has been raised to 690 sheep. So far as I have been able to ascertain, inquiries show that only one of the animals in this particular flock was actually found with the disease. After the department had supposedly carefully scrutinized this flock of sheep for two years and had given it a clean bill of health, the owner was allowed to show his sheep at the royal winter fair. The breeding stock were sold all over the country. Now they have destroyed the rest of the flock and are going to pay the owner some $90,000.

What about the people who bought stock from this flock that was sold at the royal winter fair? Are they to be left holding the bag? Why are not those sheep all called in and their owners treated in the same way this man in Alberta has been treated? There is an old saying, "It smells fishy". Well, this smells woolly to me. I am wondering whether it is more of a political debt than anything else. On top of that, the export market the sheep breeders of Canada have enjoyed for many years is endangered. To my knowledge the constituency of Middlesex East has at least three exporters of high quality breeding stock. The farmers on these particular farms have been selling sheep for three generations. This whole business is now in jeopardy.

Let me return to farm problems for a moment. I note that a Mr. John H. Davis, who is the director of the program "Agriculture and Business" of Harvard University, said that 40 per cent of the economy of North America is dependent on agriculture. Well, in Canada some 19 per cent of the people are living on farms. That does not necessarily mean they are all producers. I would say that somewhere between 15 and 17 per cent of the people who are living on farms are actual producers of farm products. There are many people living on farms close to cities but who work in the cities. They produce farm products. More than 15 per cent of our population are actually and vitally engaged in agriculture and are dependent for their livelihood on the well-being of agriculture. Mr. Davis, who made a very thorough study of this in the school of business administration at Harvard University, says that 40 per cent of our economy depends upon agriculture. Taking a look at Canadian agriculture I would say that mine is a conservative estimate, that more than that number of people are vitally dependent upon the well-being of agriculture.

Over the years the Conservative party have believed in a policy of protection for Canadian industry. This government believes in free trade for agriculture and a sort of protection for the other industries in the country. I do not think that is good enough. If we are going to have free trade for one, let us have free trade for all; if we are going to have protection for some, let us have protection for all. This need not be a high protection, but it should be such necessary protection as the conditions warrant.

There is another rather serious angle to the influx of United States capital, because if it were not for United States capital being invested in Canada to develop our natural resources our trade deficit as far as United States dollars are concerned would be much worse. The government's approach to trade problems may be idealistic but it is unrealistic. As I mentioned earlier, there is a difference between being ignored by the United States and being respected by that country. The sooner we stand up for what we think is right, the sooner we stand up for our own selves, the quicker they will respect us.

Great emphasis has been placed upon our trade by the Minister of Trade and Commerce and the Minister of Finance. There is no question about our being a great trading

nation, but what does that trade actually consist of? It consists mainly of selling our natural resources across the border and then buying them back in the form of finished products. In the interval many millions of man-hours have been expended across the line which could have been expended and paid for in Canada, and thus expanded our economy.

Many times I have criticized GATT. Dominion is being exercised from beyond our borders over our trade and commerce. In 1947 some 18½ per cent of the electrical goods used in this country were imported into Canada, but in 1954 that had risen to 31 per cent. The result is that our Canadian workmen and Canadian industry are not getting as good a deal as they might have expected. The same is true to an even more serious extent with regard to our textiles. I am not for one moment suggesting that there should be a blanket increase in tariffs, but considering the army of experts who sit in the official gallery I think this government should be able to work out what is necessary and what is unnecessary. They should be able to find out what is needed as far as Canada is concerned, under realistic conditions.

There are one or two items I should like to draw to the attention of the house. The first is an item which appeared in the *Financial Times* of March 11, 1955, one paragraph of which reads as follows:

> The Liberals somehow have managed to keep the subject of falling export trade off the front pages and chances are that, with the new policy of inflation, they will have that job fixed by spring.

Then I should like to indicate the increasing cost of producing farm products. I can remember my grandfather harvesting wheat and about all he had invested in harvesting machinery was $1.25 for a cradle. At that time he could get about $1 per bushel for wheat. If I go out to harvest this summer I will have $5,000 tied up in a combine and other machinery. In those days taxes on agricultural land were considerably lower. I have an interesting item which appeared in the London *Free Press* a few years ago indicating the conditions with regard to taxation that existed in Norfolk county 150 years ago. I quote:

> Matthias Boughner Jr.: 295 acres, 30 cultivated, 1 brick or stone house, 1 cow, 1 horned cattle, 1 swine. Amount £307. Assessment 5s. 7d.

Taxation on agricultural land has increased over the years by leaps and bounds but the value of the production has not kept pace with the increased costs.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I am sure we are all glad to see both the Prime Minister and the Leader of the Opposition back in their seats this afternoon. We are all particularly glad to see the Prime Minister back after another step in the policy he has been following of bringing about better relations among the nations of the world, especially among English speaking people. I sometimes ask myself how this government will go down in history, and I think among other things it will be classed as a great peacemaker government. While this government is naturally open to criticism on many scores I think in some things its record is beyond criticism, and at the top of that list would stand its record in making better relations among the nations of the world as well as right here in Canada.

When I heard the Minister of Finance present his fine, stable budget the other night, I could not help recalling the budget that we heard two years ago presented by his predecessor, Hon. Douglas Abbott. I think hon. members will remember that at that time the relations between this government and one of the provincial governments in Canada, that is the relations between the government of Canada and the government of the province of Quebec, were none too good. I think it is a great tribute to the peacemaking abilities of the present Prime Minister of Canada that that situation, which loomed so dark at that time, has now been completely resolved and harmony reigns.

While there are not many members from British Columbia left in the house, I see one or two, my good friend from Comox-Alberni (Mr. Barnett) and one or two others. Regardless of what political party we belong to, we shall all be glad that the relations between the government of British Columbia and the government of the Dominion of Canada—by the way, for the benefit of the last speaker, I am one of those who like the word "dominion" and I am proud of it—are now better than they have been since this strange government that we now have in British Columbia came into power a few years ago.

We will recall that at the second last meeting of the provincial premiers with the Prime Minister of Canada, if we can trust the newspaper accounts, the premier of British Columbia went home in a huff and would not even stay for the Prime Minister's tea party or dinner party, or whatever form the hospitality was taking. You recall that at the last meeting of the Prime Minister of Canada with the premiers of the provinces, the premier of British Columbia went home saying that all was sweetness and light and lauding the co-operation of this government to the skies.

I for one want to make it very clear that I hope that at the forthcoming meeting between

the Minister of Northern Affairs and National Resources and the premier of British Columbia, we go a long way toward reaching solid agreement on the development of the water power of the upper Columbia river. I believe there is no undeveloped natural resource in all Canada that offers so much in the way of prosperity for all Canada as does the development of that great national water power resource. If we do work out the proper kind of co-operation between the Dominion of Canada and the province of British Columbia in regard to the development of the waters of the upper Columbia, we shall not need to fear further encroachment of United States private capital in this Dominion of Canada.

Turning to the actual amendment, I must say that I am shocked and astonished at the strange and contradictory attitude taken by Her Majesty's official opposition, that is, the official Conservative party. Here we have the hon. member for Greenwood moving an amendment reading in part as follows:

"this house regrets that the budget is empty, negative and partisan; that the government shows no concern over either the serious problems of distressed groups and areas or the growing economic domination of Canada by United States interests . . ."

I listened with great care to the long two-instalment speech of the official financial critic of the Conservative party and I reread it very carefully in *Hansard*. I cannot find one single word uttered by the official critic of the Conservative party in support of one of the finest moves that has been made by any Canadian government in recent years to end the threat of United States domination in one of the most vital sections of our whole national life in Canada; that is, by the common sense imposition of a fair and sane tax on what I would call the United States by-product magazines, the United States magazines that publish by-product editions in Canada. Perhaps I should say I do not know whether we should even use that word "publish" in connection with by-product editions in Canada. As a matter of fact one magazine, *Time*, is not even printed in Canada. It is printed in Chicago, as we all know.

However, my hon. friends in Her Majesty's official Conservative opposition held up their hands in holy horror at United States economic domination. Then we had speaker after speaker, beginning with the hon. member for Calgary South, then that long, and at least loud, speech by the hon. member for Eglinton, then the gracious lady member for York-Humber. After the strange silence on the part of Her Majesty's official financial critic, who did not even mention the matter, the lesser lights in the Conservative party rose one after another and opposed this tax on United States magazines.

Surely the Conservative opposition will never be accused of having little minds. Who was the poet who said, "A foolish consistency is the hobgoblin of little minds"? We have them protesting strongly against United States economic domination of Canada and then, almost in the very next breath, they are protesting because the government has taken a step to guard against spiritual and mental domination of the Canadian nation by these United States by-product magazines. We have the very same Conservative opposition opposing this tax on advertising.

To go back in history for a minute, we will recall that when the Conservatives were last in power, from 1930 to 1935, one of the acts of the Conservative government of the day was to put a tax on all United States magazines coming into Canada. We will also recall that one of the first acts of the Liberal administration, when it came back into power in 1935, was to take off that tax. As the Prime Minister of that day very properly said, it is not in accordance with the principles of this government, this Liberal government, to put any tax on information coming into Canada. However, I submit to you, Mr. Speaker, that anyone who faces the plain threat of these United States by-product publications, which are published half in Canada and half in the United States, can come to no other conclusion than that some such measures as are now proposed by the Minister of Finance are quite in order.

I would simply point out that if we take the 12 leading publications in Canada, including the all-United States by-product publications *Time* and *Reader's Digest*, at the beginning of the last seven-year period the United States publications between them had 20 per cent of the total advertising of that group. At the end of that seven-year period those same all-United States publications had 37 per cent of the total advertising in the whole of that group of leading magazines.

So I submit this. Of course, if we do not care whether or not we have in Canada vital, prosperous and thriving magazines; if we are simply willing to let the almighty dollar reach out on a catch as catch can basis, then we do not need to do anything about the menace to our own Canadian magazines. But believe me, the menace is very real indeed. For a country that is spending $30 million this year to keep the Canadian Broadcasting Corporation in operation for the benefit of the Canadian people—and I venture to say there is not a single hon. member in this

chamber who will not admit that the Canadian Broadcasting Corporation is a great and necessary asset for this young Canadian nation—it is also in line to make sure that our Canadian magazines are allowed to survive, also in the national interest.

I have been a writer and journalist for more years than I sometimes care to remember, 33 years to be precise. I started with the Maclean Publishing Company. At one time in my life I worked for four years in Montreal for a very fine publication which I venture to say a good many members in this chamber have read. I refer to *World Wide*, just as good a magazine as *Reader's Digest* can ever hope to be. You will not find *World Wide* in publication now because it has been out of business for a good many years. I am happy to say that occurred after I left it. No publication with which I have been associated has ever failed while I have been with it, though some think they had a narrow escape.

You will not find *World Wide* in existence now, Mr. Speaker, but in that same city you will find *Reader's Digest* published. If you read the Canadian edition of *Reader's Digest* you will notice the strangest thing. You will notice that in the Canadian edition, which is almost but not quite identical with the United States edition, there is voluminous Canadian advertising. But if you read the United States edition of *Reader's Digest* you will not find any such advertising. Of course to anyone who studies the background facts the reason is quite simple. These United States publications which publish editions in Canada publish what are first, last and all the time by-products of their main American works. They are able to publish at a fraction of what you might call the fair cost of competition in this country. It is almost like using the tailings from a mine to fill out the main product.

Mr. Blackmore: Will the hon. member—

Mr. Philpott: I will be glad to answer questions at the end of my remarks, if my hon. friend wants to ask any. I venture to say that in no other line of business would we have tolerated for so long this strange form of competition against which our leading Canadian magazines are asked to compete. We heard today from the hon. member for York-Humber that the Minister of Finance perhaps had a tiger by the tail in having proposed a 20 per cent excise tax on these Canadian editions of United States magazines. I would say it was a truer description to say that these special Canadian editions of United States magazines almost constitute a tiger threatening our whole Canadian magazine field, and that we have to do something about the matter while we still have time.

I must say, Mr. Speaker, that I was certainly astonished by the remarks of that hard-headed publisher, the hon. member for Calgary South (Mr. Nickle), who so often takes such an intelligent and sensible line in the house. On many occasions I think he takes a more sensible line than do his colleagues who sit around him, but naturally that is a matter of opinion. I wish to deal with his remarks about the tax on these special Canadian editions. I sometimes call them fig leaf editions because the little maple leaf on their front cover hides their true identity to about the same extent that the fig leaf did on Eve.

I am bound to say that in my opinion the hon. member for Calgary South did not come up with a very practical suggestion. He suggested that instead of imposing a tax on these special Canadian editions of United States magazines we should set up a fund of $100,000 or $200,000, a government fund if you please, and that out of that government fund writers of merit who wrote for our Canadian magazines should receive certain grants. I can imagine the unholy howl that would have gone up from the opposition benches if that same suggestion had been made in the budget of the Minister of Finance. They would have said it was debauching the press, prostituting the press, trying to hire a stable of writers in favour of the government.

Let us be absolutely clear on the matter, Mr. Speaker. I have been a professional writer for a third of a century, and I for one am absolutely opposed to anything in the way of a subsidy fund to subsidize writers. I think we are going about the problem in a much more straightforward way by putting a straight excise tax of 20 per cent on these Canadian editions.

I agree with some of the points raised by the hon. member for Calgary South. It is quite true that some of our Canadian magazines could compete better if they were better run. I will not mention any names in that regard, but if I recall correctly *Liberty* magazine was first established here as the Canadian edition of the main United States job. However, when the parent publication folded up *Liberty* carried on as a purely Canadian publication, and it is doing a far better job as a purely all-Canadian proposition than it ever did as a by-product of the publication published in the United States. When I see fine magazines like *Maclean's* that are well able to hold their own as long as they have a fair field and no favours, then

I think this 20 per cent tax goes at least part of the way toward restoring a fair field and no favours.

There was one suggestion made by the hon. member for York-Humber that I think is well worthy of at least further study. She pointed out that 91 United States publications come into Canada under the treaty whereby each country gives the other country free postal rights. As we all know, these things are governed by an international treaty to which nearly all nations subscribe. But when you recall that practically no Canadian magazine is able to ship its product in any numbers into the United States; when you recall that nearly 100 legitimate magazines, as I would call them, come into Canada from the United States and are afforded free postal rights under the general postal arrangements treaty, then I think it is time we took a good, long, second look at that treaty. In my opinion a good many of these magazines are certainly not sufficiently worth while to entitle them to a postal subsidy by the Dominion of Canada.

I for one would have been glad if the Minister of Finance in his 1956 budget had been able to bring in some of these whopping tax cuts which his predecessors made, or more of the very courageous cuts which he himself made last year, but when I had time to think the matter over I came to the conclusion that he was absolutely right—

An hon. Member: Next year.

Mr. Philpott: —to stand still this year, and I say so for this reason.

An hon. Member: Be careful.

Mr. Philpott: I am always careful. We know that this year the government has announced perhaps the most far-reaching social reform that has ever been announced in the history of Canada. I refer to the announcement of the nation-wide national health and hospital care scheme. I see the Minister of National Health and Welfare is applauding. I think this is one occasion when he may well applaud. I believe the whole house and the country generally will applaud with him, because I believe that the nation-wide health and hospital care scheme is perhaps the greatest social advance we have made to date.

I am told that the dominion's share of this nation-wide health and hospital care scheme is going to run to about $182 million, and I am very glad the Minister of Finance was cautious about tax reductions before we decide how we are going to pay that amount. Mr. Speaker, I do not believe that there could be the drastic tax cuts we would all like to see and which I think most of us will live to see. I do not believe that there will be those drastic tax cuts nor do I believe there could be the great extensions in the welfare system that we could have in Canada unless there is in the world a real measure of agreement among the big powers.

As I said before in this house, but I think it will bear repetition, in my opinion there are one or two reasons why I say our Minister of National Health and Welfare did such a masterly job of stickhandling at the United Nations assembly last fall—I think just as expertly as did Rocket Richard last night when he scored goal after goal. Our Minister of National Health and Welfare scored no less than 16 goals in that wonderful package deal which he stickhandled through the United Nations. I believe one reason the minister was able to do such a masterly job there at the United Nations in behalf of world peace was that he himself as Minister of National Health and Welfare—a man who knows perfectly well that we are going to have to pay $182 million for our share of national health insurance; a man who well knows that we could very well have higher old age pensions; a man who very well knows that we could and should have higher family allowances—knew in his own mind and felt in his own heart that until we come to agreement in the international field we have no real hope of having the welfare state in Canada what it could and should be.

So, Mr. Speaker, I think perhaps more than on what is said in this chamber or on what is voted in this chamber, the fate of our times depends on what is happening right now over in London. Consider the result if it were possible for the several big powers plus Canada to reach an agreement; and Canada's great role as a peacemaker among the nations is honoured by the very fact that Canada is asked to sit down with those contentious big powers to try to make peace. The fate of our times depends on the success of those armament limitation conferences. If only the great powers of the world could agree even on the latest American plan—which I believe does not go quite as far as the latest edition of the Russian plan—whereby the armed forces of all the big powers would be reduced to 2½ million men each, that is a reduction from 2,900,000 for the United States or a reduction from 4,000,000 in the armed forces of Russia. We do not know what those of China are. I say that our fate depends on what happens at that conference, and that we shall never get the social welfare set-up that we should and could have in Canada until we have real peace among the nations.

If I were asked to give you my guess as to what could be the practical results of a real armament limitation agreement among

Russia, the United States, Britain and the other countries including Canada, with the 2½ million top limit on the armed forces of the bigger powers and of course lesser limits for those below, I would say that one of the effects might very well be that we in this country could have a complete national health insurance scheme—not just the first step that we are going to have starting next year—without very much in the way of extra direct taxation to help pay for it; that we certainly could have an increase in the old age pension from $40 to $60 and an increase in the family allowance to at least $10 per child.

It therefore seems to me, Mr. Speaker, that there is a vital connection between what happens to the warfare state and what happens to the welfare state. I see the Minister of Finance turning up his collar a bit at the mention of a $60 old age pension. I think for my point I will be quite content if, as a small instalment to go along with, they just take off that three months' residence rule in connection with the old age pension which applies to the people who go to visit outside Canada. But I think there is a real connection, Mr. Speaker.

Just on that point, as a further comment it seems to me that in this country it would not cost us very much to make comfortable for the last few months of their lives some of the old people who have not much longer to be with us in this incarnation if we can believe the Bridey Murphy version. It would not cost us very much to make those people happy for the last few months of their lives. If Britain, hard pressed as she is, can make her old age pensions payable in any country in the world, I think this great and rich Canada can do the same thing.

There is only one other point I should like to raise, Mr. Speaker, and it is this. I am today taking the spot of my highly esteemed colleague the hon. member for Victoria, B.C. (Mr. Fairey) who has already taken off for the west coast. In the very first speech made in this house by my colleague the hon. member for Victoria, B.C.—and years before the same suggestion was made by the premier of British Columbia—I recall that he suggested that the whole cost of the trans-Canada highway should eventually be taken over by this Dominion of Canada.

I believe that we are going to have to come to that course; and I believe that the sooner we come to it, the better for all concerned, for this among other reasons. We get years and years of delay on the part of the provinces, who are doing their best. After all, we cannot blame them. They have all these other pressures for roads. I think at the meeting down here in Toronto last week where it was decided to study toll roads, somebody came up with statistics proving how much more beneficial to the province were the roads down near the metropolitan area. But I believe that the trans-Canada highway is a vital necessity for the whole Dominion of Canada; and I believe that anything that is a vital necessity for the whole Dominion of Canada should be paid for by all of the people of Canada and should be built by this government, so that aggregations like the Social Credit government of British Columbia could not take all the credit when we open every new section of the land.

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I want to say just a few words in English. All my notes are written in French. Of course, after I have spoken a few sentences you will realize that I am much more at ease when speaking my own language than when speaking the English language.

In my remarks on the budget I am not going to discuss it from its strictly financial aspect. That has been done in a masterly way by the Minister of Finance. We have heard spokesmen of the various parties sitting on the opposite side of this house. I wish to pay a certain tribute to the hon. member for Greenwood for the speech he delivered in this house. I do so not by reason of what he has said or by reason of any criticism he has made. He had a very bad cause to defend. He did it in a way that really took courage and at the same time a kind of spirit of invention to find some words with which to express a rather creditable criticism of such a good budget. I really congratulate him for having accomplished his task, though I am not going to admit that what he has said is really a true picture of the situation or that his suggestions represent the way this country should be administered financially.

Now, I also paid great attention to the hon. member for Lethbridge, who again explained the doctrine of social credit. Of course, according to his declaration, if we were to have the Social Credit party administer this country we would certainly be living in a kind of paradise, which I do not believe will ever exist under the sun. Sometimes strange coincidences do occur. On the same date that the present member for Lethbridge was delivering his speech, 20 years ago Mr. Aberhart was declaring to Albertans that he could not give the dividend he had promised the citizens of that province. Really, I cannot see why the premier was not able to put into effect the policies which had won him the confidence of the citizens of his province.

Perhaps times were too hard, or perhaps conditions did not permit Mr. Aberhart to go ahead and distribute those dividends to the citizens of Alberta.

But now the hon. member for Lethbridge, to whom I always listen with great attention, has friends in the Alberta government. Perhaps with all these extra revenues the provincial government gets as a result of the discovery of oil it would be in a position to pay some dividends to the citizens of that province. I would suggest to the hon. member for Lethbridge that the present social credit government try, at least, to put into effect a promise which was made to Albertans 20 years ago and start to distribute dividends to the residents of that province.

I know it is the duty of the opposition to criticize the policies of the government. It is a right which—I do not know how it sounds in English but in French it goes very well—is sacred. In a democracy it is the privilege of the opposition to explain its point of view on any problems. However, I feel that once in a while we could expect from the opposite side of this chamber a fair dose of justice and logic; justice, by the recognition of subsequent actions of this government, and logic by trying to suggest measures that would certainly be of great advantage to this country. We should expect logic in this way, too, that the opposition would cease suggesting the lowering of taxes while at the same time asking this government to increase expenditures, especially in the field of health and welfare. Everybody from the opposite side of the house is asking for increased expenditures by every department of government, and at the same time expecting the government to decrease taxes. This is what I call illogical. I tried to find another word which would not be taken as an insult by those who do not believe as I do, but I could not find a softer word under the circumstances than "illogical".

Before each new budget is introduced we hear the people in all parts of this country asking, is the federal government going to lower taxes? Every year it is the same. I do not recall hearing one citizen in any province ask, is the provincial government going to lower taxes? Everybody has his eye on the federal field. Everybody wants the federal government to lower taxes. I want that too, and when the occasion comes I am glad to get a reduction in taxes.

Mr. Knowles: When is the occasion?

Mr. Dupuis: When a lower expenditure will look after the safety of our nation; probably that would be the occasion that would be seized by the present government to allow more grants, if you want to put it that way, to welfare or any other department that needed them. I was coming to that, and I shall have to discuss that later on in French. On such an occasion I am quite sure this government would be the first to give a little more to whatever department might need it, and especially in the welfare field.

When will the provinces lower their taxes? I never hear people ask that, not even in my own province.

Mr. Hahn: British Columbia has.

Mr. Dupuis: They may be thinking about it, but the people will be waiting for a long time if I can judge by the Social Credit government in Alberta.

Mr. Blackmore: Alberta has decreased taxes.

Mr. Dupuis: They should have done it 10 years ago when their revenues were multiplied six times by the discovery of oil. Even today you live in a very happy province; and if you do not live there, certainly the citizens of Alberta live in a happy province. I am going to tell you one thing. Everybody is asking the federal government to decrease taxes. Every member on the opposite side of the house, and some members on this side, for instance, are also asking for an increase in family allowances. This is a very good thing, and I am in favour of it. But hon. members do not take into account the fact that this would cost some $100 million to this government, which is also asked by the opposition to lower taxes. Again, everybody is asking for an increase in old age pensions. I am in favour of increasing all the welfare allowances made by this government, but we must take into account the financial situation of our country and the uncertainty of the international situation as it exists now.

Mr. Martin: This shows how illogical the hon. member for Winnipeg North Centre is.

Mr. Dupuis: I would not mention the hon. member in particular, but I guess they are all alike on the opposite side. Mind you, some people on the opposite side of the house are the champions and defenders of the autonomy of their own particular provinces. As far as my province is concerned, I mention in particular the hon. member for Three Rivers, the hon. member for Dorchester, and the hon. member for Quebec West. They want to protect the autonomy of their own province, but they do not let an opportunity pass to prove that they are illogical when they want us to subsidize education in the provinces, which is absolutely the concern of the provinces and not of the federal government. Every one of the members on the opposition side of the house is asking us to take some steps to protect our

forests, which again are under the jurisdiction of the provinces. They are asking this government to spend money for education, to spend money to protect the forests. They are asking for all sorts of things which do not come under the jurisdiction of the federal government. Mind you, they are the protectors, they are the champions, they are the defenders of the autonomy of their provinces. I say it is nothing but hypocrisy.

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

Mr. Dupuis: Yes.

Mr. Knowles: Would he tell us at the same time what portion of the Canadian tax dollar is collected by the federal government?

Mr. Dupuis: I am coming to that. I will answer the hon. member right away. Does the hon. member for Winnipeg North Centre not know that the taxes collected by the federal government are turned back to the provinces in the proportion of 98 per cent? I would say that only a small percentage is kept for use outside of this country. Indirectly and directly all the taxes collected by the federal government are spent in the different provinces through public works, through different services and through tax agreements. Therefore all the money that is collected by the federal government is returned to the provinces in the form of welfare in this country or otherwise. We spent $1,500 million in all the provinces for social welfare. That is what we did with the large amount of taxes that were collected in the federal field. The hon. member has been in this chamber for 20 years and he should know that. It is elementary.

Mr. Knowles: Why are you complaining about centralization, then.

Mr. Dupuis: I am against everything that sounds like centralization. The hon. member can give centralization any interpretation he wishes. It is not centralization when we try to come to an agreement that would at last be satisfactory to all the provinces concerned. That is what happened when we had a conference of the premiers of the different provinces. We came to an agreement. It was not perfection. According to the hon. member for Winnipeg North Centre it is only the C.C.F. party that is perfect. I do not think perfection exists in this world. All the provinces came to an agreement which was at least much more satisfactory than the one of a few years ago.

Mind you, it was only under this government, under the Liberal party, that this conference was brought about. Never before was there a question of distributing funds to the provinces. That took place only 10 years ago or since the last war, anyway. It is this government and the Liberal party that have made the agreement to give back what they thought was coming to the provinces and what the provinces thought was coming to them. We came to a satisfactory agreement on that ground. My hon. friend will admit that the steps that were taken by this government and the new initiative that was taken by this government were not taken by the Conservative party or any other government that existed in this country.

Mr. Knowles: Will the hon. member permit another question?

Mr. Dupuis: Go ahead.

Mr. Knowles: When the hon. member said that the action was taken by the federal government and the provinces in the last four years or the last 10 years, did he forget the subsidy provisions in the British North America Act back in 1867?

Mr. Dupuis: I will tell you one thing. I am not forgetting the British North America Act, and I wish my friends on the opposite side would remember that when they are discussing this question. The federal government has some rights, but the provinces have some rights also. This government has never made an attempt to deprive the provinces of their rights. They have come to the better understanding which exists today, although it is not perfect, although the provinces may not be entirely satisfied with the present situation. But they will admit that this government and the government that preceded it made an effort and came to the conclusion that the provinces should certainly receive the treatment they expected. They received treatment which they were not actually entitled to under the British North America Act. I repeat that this government never negotiated by denying the rights of the provinces. They wanted to administer their finances in the way that would be in the best interests of this country. It was on that basis that the agreements came into being. Maybe some 25, 30 or 40 years ago agreements could have been negotiated, but this time a solution was found. All the solutions to the big national problems have been found by this government, by the Liberal party. The C.C.F. party and the Social Credit party have made promises. We have found that they were promises which could never be realized. They could not be put into force during this prosperous time.

Mr. Speaker: Order.

Mr. Dupuis: Time passes so quickly.

Mr. Speaker: Is the hon. gentleman moving the adjournment of the debate?

Mr. Dupuis: Yes.

On motion of Mr. Dupuis the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue with this debate on Monday and Tuesday when we come back.

Mr. Speaker: Before we adjourn may I take this opportunity to wish hon. members a restful recess and happy Easter. I would invite all hon. members and colleagues of the press to come to my chambers so we can shake hands before parting for Easter.

This house stands adjourned until Monday, April 9 next, at 2.30 o'clock p.m.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NAVIGATION EXPENDITURES, ARROW LAKES AREA

Question No. 195—**Mr. Herridge:**

Questions

1. With respect to aids to navigation, including lights, buoys, markers, and other aids, on the Columbia river, Arrow lakes, Kootenay lake and Slocan lake, how much was spent in each year since January 1, 1945, on (a) salaries or wages; (b) contracts; (c) expenses; (d) supplies?

2. To what companies or persons were the amounts indicated paid, and what amount in each case?

Answer by: **Mr. Marler:**

1. (a), (b), (c), (d):

	Salaries or wages	Contracts	Expenses	Supplies	Total
1949-50	$1,933.74	$ 604.00	$ 26.66	$ 2,468.03	$ 5,032.43
1950-51	2,803.90	604.00	259.76	3,975.57	7,643.23
1951-52	584.75	605.00	68.30	2,213.75	3,471.80
1952-53	426.00	605.00	39.80	181.73	1,252.53
1953-54	717.91	605.00	3.97	3,316.47	4,643.35
1954-55	902.75	705.00	38.68	2,250.64	3,897.07
1955-56	172.00	178.00	63.00	931.13	1,344.13
Totals	$7,541.05	$3,906.00	$ 500.17	$15,337.32	$27,284.54

2.

J. A. Irwin	$ 247.50
J. M. Tillen	234.00
J. Greenlaw	849.00
C. A. Brady	9.00
J. E. Donaldson	8.00
C. Baker	25.00
G. Brown	50.00
R. Raper	52.00
D. E. Male	237.36
J. H. Folkard	77.00
P. Gritchen	15.00
L. Montelbetti	30.00
S. Williams	26.00
W. D. Jowett	105.50
S. H. Morrison	336.50
A. Johnson	570.25
F. Sutherland	100.00
S. B. Massen	525.00
M. O. Hougen	196.50
L. W. Stanley	542.10
H. Webster	191.00
W. Dunham	5.00
M. T. Hoiholm	60.82
A. Guidon	182.65
H. D. Gaskill	24.00
K. Dixon	63.00
Canadian Pacific Railway	2,005.00
Arrow Lakes Transportation	503.97
B.C. Power Commission	24.00
Denver Light & Power Co.	162.00
W. J. Benting	42.28
Corp. City Kaslo	1,215.00
T. E. Morrison	236.36
Nelson Marine Service	190.41
Wood Valiance Hardware	109.65
Stevensons Machine Shop	6.82
Ball Pole Co.	330.25
Big Bend Lumber Co.	51.53
Shell Oil Co.	60.66
Dosenberger & McMullin	4.20
Bevan Signs	4.50
Imperial Oil Ltd.	150.61
A. Guidon	33.60
Gutta Percha & Rubber Co.	2.03
Crawford's Store	10.40
Ship Chandlers	2.42
Nakusp Hardware	8.45
Paylist—miscellaneous	2,996.40
Issued from depot stores	14,371.79
Total	$27,284.54

Note: Information for period 1945 to 1948 not available on departmental records. Accounting for 1955-56 fiscal year not yet completed; figures for 1955-56 are subject to adjustment.

SOUTH SASKATCHEWAN RIVER DAM—CONSTRUCTION ESTIMATES

Question No. 200—**Mr. Diefenbaker:**

1. Have any companies, partnerships or individual contractors made known to the government that they would undertake to construct the South Saskatchewan river dam and irrigation project?

2. If so, what are the names of such companies or individuals, the respective amount of the estimate furnished by each and the dates of such estimates?

Answer by: **Mr. Gardiner:**

1. Yes.

2. Three companies working together submitted a firm estimate at which they would be prepared to undertake the work in 1954 or later, based on 1953 prices, to the Minister of Agriculture. It was indicated that if a decision were reached to proceed with construction of the dam and reservoir their tender for all the different items including "townsite, camps, land purchase, railway and highway relocation and miscellaneous" would not exceed $83,000,000 but they insisted, and we think quite properly, that neither names

nor bids on separate items should be made public until and if tenders have been called and opened.

R.C.A.F. COMMISSIONS

Question No. 228—**Mr. Diefenbaker:**

1. What is the policy of the Royal Canadian Air Force as to granting permanent commissions?
2. How many holders of temporary commissions have been released since December 1, 1955?
3. How many temporary officers were released since (a) on or about January 1, 1956; (b) January 1, 1955?
4. How many temporary officers were granted permanent commissions, since January 1, 1956?
5. How many temporary officers were given one year's extension, since (a) January 1, 1956; (b) July 1, 1955?
6. As of January 1, 1956, how many officers in the Royal Canadian Air Force held, (a) permanent commissions, (b) temporary commissions?

Answer by: **Mr. Campney:**

1. Two types of commissions are granted in the regular force, namely short service commissions and permanent commissions. The type of commission granted depends upon education, the list or branch to which the candidate is appointed and, qualifications and requirements permitting, upon the wishes of the individual.

(a) As a rule, short service commissions are granted initially to the following groups:

(i) Aircrew who are not university or Canadian services colleges graduates;
(ii) Non-university graduate direct entrants of the flying control, ground observer, ground defence, and fighter controller branches;
(iii) Female personnel, e.g., nurses and messing officers; and
(iv) Doctors that do not want a permanent commission.

(b) Normally, permanent commissions are granted to:

(i) University or Canadian services colleges graduates entering any list or branch;
(ii) Personnel promoted from the ranks, except those selected for aircrew training; and
(iii) Officers holding short service commissions selected in competition towards the end of their engagement period.

Permanent commission boards are assembled semi-annually to review records of each short service commission officer who is within a year to a year and a half of termination of his period of service. Officers are then placed in three categories:

(a) Suitable for permanent commissioning;
(b) Suitable for a one-year extension; to be considered again for a permanent commission;
(c) Not suitable for a permanent commission or an extension; to be released on termination of short service commission.

2. 57.
3. (a) 36; (b) 257.
4. 220.
5. (a) 199; (b) 242.
6. (a) 4,872; (b) 3,328.

CHIGNECTO CANAL

Question No. 234—**Mr. Van Horne:**

What action, if any, has been taken to build the Chignecto canal?

Answer by: **Mr. Marler:**

Since the report of the royal commission on transportation, submitted to the government on February 9, 1951, no further action has been taken.

CENTRAL MORTGAGE AND HOUSING LOANS, MANITOBA

Question No. 314—**Mr. Pommer:**

1. What amounts of federal funds were invested by loan in the province of Manitoba, by Central Mortgage and Housing Corporation, for housing construction in 1953, 1954, 1955?
2. In which cities and towns were these loans made?

Answer by: **Mr. Winters:**

1. 1953, $4,462,000; 1954, $2,787,000; 1955, $249,000.

2. Beausejour; Brandon; Dauphin; De Salaberry; Emerson; Flin Flon; Gladstone; Hanover; Killarney; La Broquerie; Lac du Bonnet; McCreary; Minnedosa; Morden; Neepawa; Pilot Mound; Pipestone; Portage la Prairie; Russell; Selkirk; St. Clements; Steinbach; Virden; Whitemouth; Winkler; Winnipeg metropolitan area.

NATIONAL DEFENCE—HOUSING CONSTRUCTION, NICOLET, QUE.

Question No. 316—**Mr. Balcer:**

1. Are steps being taken by the Department of Defence Production or the Department of National Defence to proceed with the construction of some 21 houses in Nicolet, Quebec, for which tenders were called and opened in October, 1955?
2. If not, for what reason?

Answer by: **Mr. Campney:**

1. No.

2. The lowest tender submitted for the proposed construction of the 21 houses was $288,132, or an average of $13,721 per unit. In the light of this and in line with the rental policy for government-owned housing for civilian personnel, rental rates were worked out for these houses in the range of $62 to $102 per month, according to the accommodation being provided and excluding costs of

services. The employees concerned indicated that they were not agreeable to paying the rates of rents proposed. Consequently the houses are not being constructed.

INDIAN AFFAIRS—FARM INSTRUCTORS

Question No. 318—**Mr. Bryson:**

1. How many persons are presently employed as farm instructors by the Department of Citizenship and Immigration, Indian affairs branch?
2. Of these, how many are part time instructors?
3. On what reservations are these instructors presently engaged?
4. What salary do these farm instructors receive?

Answer by: **Mr. Pickersgill:**

1. The Indian affairs branch of the Department of Citizenship and Immigration does not employ farm instructors as such. In areas where the chief occupation of the Indian population is agriculture, farming instruction is given by Indian agency assistants who also perform administrative and other functions.
2. See answer to No. 1.
3. See answer to No. 1.
4. See answer to No. 1.

ARMY CADETS—EQUIPMENT

Question No. 349—**Mr. Robinson (Bruce):**

1. How many Royal Canadian army cadets are equipped and dressed by the Department of National Defence?
2. How many army cadets are equipped in each province?
3. Is there a demand from schools for more equipment and dress?
4. If so, from what provinces?

Answer by: **Mr. Campney:**

1. 64,993.
2. British Columbia, 2,446; Alberta, 2,100; Saskatchewan, 1,989; Manitoba, 1,418; Ontario, 33,597; Quebec, 18,500; New Brunswick, 1,643; Nova Scotia, 1,885; Prince Edward Island, 405; Newfoundland, 985; Northwest Territories, 25.
3. No. However, requests have been received from many schools across the country to authorize an increase in the number of cadets in training.
4. Not applicable.

Questions

LABOUR INCOME STATISTICS

Question No. 365—**Mr. Studer:**

1. What was the total amount or estimated total amount paid in Canada in 1955 in wages, salaries and supplementary labour income?
2. What portion of this amount was paid by farmers to farm labourers?
3. What portion of this amount was paid to part-time or full-time farmers?

Answer by: **Mr. Howe (Port Arthur):**

1. The estimated total amount of wages, salaries, and supplementary labour income paid in Canada in 1955 was $12,861,000,000.
2. Estimates at this level of detail not available.
3. Estimates at this level of detail not available.

WHARF SOUNDINGS, BRUNETTE RIVER, B.C.

Question No. 369—**Mr. Hahn:**

1. How frequently are soundings taken at the wharf on Brunette river (Mohawk Handle), New Westminster?
2. When were they last taken?
3. What were their readings?
4. When was the last dredging done at this point?
5. When is it expected to again do dredging about the wharf?

Answer by: **Mr. Winters:**

1. The Department of Public Works has not sounded or dredged at this wharf which is privately owned.

2, 3, 4 and 5. Answered by No. 1.

MILITARY MEDICAL PERSONNEL

Question No. 370—**Mr. Nicholson:**

How many doctors per thousand are now on staff with the army, navy and Royal Canadian Air Force, and what was the ratio in these services during 1943?

Answer by: **Mr. Campney:**

	Navy	Army	Air Force
(a) 1956	2·6	4·6	3·5
(b) 1943	4·9	4·5	5·0

HOUSE OF COMMONS

Monday, April 9, 1956

The house met at 2.30 p.m.

HOUSE OF COMMONS

WELCOME TO HON. MEMBER FOR PEACE RIVER ON HIS RETURN FOLLOWING ILLNESS

Mr. Speaker: Welcome to all, of course, but a very special welcome to the hon. member for Peace River (Mr. Low). We are glad to see him back with us.

REVISION OF SALARIES OF TEMPORARY EMPLOYEES

Mr. Speaker: I wish to inform the house that the commissioners of internal economy have reviewed the salaries of temporary employees of the House of Commons. It is my pleasure to report that they have authorized a revision of salaries in line with the increases being granted to civil servants. This decision conforms with our practice to the effect that in the past when general salary revisions have been granted to public service employees the salaries of our temporary employees have been adjusted, effective from the same date as that which has been announced for the coming into effect of the increased salaries of the civil servants.

THE LATE J. W. NOSEWORTHY

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am sure all members of the house were saddened at the news we received during the Easter recess of the death of one of our colleagues, Mr. Joseph Noseworthy. The news came to us as a particularly startling shock, for only a few weeks before we had been happy to witness what seemed to be his successful and rapid recovery from an ailment which had kept him away from his desk for a few days earlier this session.

Mr. Noseworthy's career was one of many victories against heavy odds. He was in the true sense a self-made man who quietly and persistently overcame the obstacles that lay before him. The son of a Newfoundland fisherman, it was not until after he migrated to Canada in 1910 that he was able to work his way through college and university and complete the higher education which had always been his aim. Thereafter his rise in his profession as a teacher was rapid.

Within a few years he became the head of a department of a large collegiate in north Toronto. It was while serving in that post that his fellow teachers showed their appreciation of his professional and personal qualities by electing him president of the Ontario secondary school teachers federation, a position he held for nine years.

His very election to this house in a famous by-election in 1942 gave striking evidence of the way in which Mr. Noseworthy met and overcame difficulties. Since coming to this house he applied the full force of his talents in the promotion of the political and social principles in which he believed and he made many able contributions to a wide variety of debates in this chamber. Those of us who did not always agree with him in what he said nevertheless respected him for the sincerity with which he spoke and for the kindliness and courtesy of his relations with his fellow members.

To Mrs. Noseworthy and the members of the family who have lost a beloved husband and father and to the leader and members of his party who have lost a valued colleague, Mr. Speaker, we all extend, I am sure, our deepest sympathy.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in joining with the Prime Minister in the expression of regret and sympathy in the loss of a friend who was known to everyone here as a kind, gentle and very devoted member of this house, I feel that I should also repeat what the Prime Minister has said with regard to Mr. Noseworthy's return to this house earlier. The very fact that he did come back to the House of Commons after an earlier illness suggested the certainty that the damage of the attack he had suffered had not been too severe. I think every one of us looked with confidence to his continued good health.

Mr. Noseworthy brought to this house the warm, personal interest in the affairs of his own community that grew out of his service as a teacher in that community. On educational matters he spoke with authority; on other matters he spoke with the interests of those he served at heart.

I think it can be said that there was not a single member of this house who did not hold him in high, personal regard. I know that all of us are going to miss his contributions very greatly and will miss from

our ranks in this house a man who had given long years of public service in many fields. On behalf of the party I have the honour to lead I join with the Prime Minister in expressing our profound sympathy to the members of Mr. Noseworthy's family in his untimely death. I also extend to his associates in the party to which he gave such devoted service our sympathy in their loss.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to be associated with the Prime Minister and the Leader of the Opposition in paying tribute to our late colleague, Mr. Noseworthy. When I contemplate the empty seat beside me which formerly was occupied by Mr. Noseworthy, and when I think of my own recent experience, I cannot help noting the appalling way in which heart disease is taking its toll of the Canadian people, and all too frequently of the members of this house. It seems to me, Mr. Speaker, that under the circumstances we ought to be redoubling our efforts to find out the cause of this appalling loss of life and impairment of health being caused by Canada's No. 1 killer. Perhaps no greater tribute could be paid to Mr. Noseworthy than to set up some sort of memorial fund for the study of heart disease because that is the thing which, if not directly certainly indirectly, took his life. I want to pay my tribute to Mr. Noseworthy as a sincere and kindly gentleman whom I always enjoyed meeting and who always treated me very well. He was a fighter for the betterment of those people who most need help in our country, and he was always working on their behalf.

I want to join with the others in extending my sympathy to the members of his family in their irreparable loss and also to extend to the leader of the C.C.F. party and his colleagues our sympathy in their loss of a devoted colleague.

While I am on my feet, Mr. Speaker, would you allow me to express to you and to the members of the house my sincere thanks and gratitude for the warm welcome extended to me today. May I tell you how happy I am to be back in my place in the House of Commons. I have always felt that the greatest blessing that can come to any man is to be able to work all his days. I am glad to say that my doctors have given me encouragement. They say that it will be possible for me now to ease into the work gradually, and I hope I shall be able to take my full responsibility before long.

During the time I was in hospital in Calgary I received thousands of messages of encouragement, understanding and good will from people all across Canada. Amongst those were many from this house and from my colleagues here. Those messages gave me great encouragement and a lift that was much like a transfusion. They contributed in no mean way to the speed with which I was able to recover. I want to thank all hon. members for their kindness to me and for the kindness they have extended to my family while I was absent and impaired. I am glad to be back and wish to express my sincere thanks to all.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I first express my appreciation for the kindly references that have been made to the party which I have the honour to lead in this house in the loss that we have sustained in the death of a good friend and colleague. Joe Noseworthy's life was devoted to good causes throughout the whole of it. As the Prime Minister (Mr. St. Laurent) has said, he was born under humble circumstances in a fisherman's home in Newfoundland. He literally had to fight his way through school. Then he devoted his life for some time to the Grenfell mission in Labrador where he worked for the health and the welfare of the people of that part of Newfoundland which is now also a part of this country.

He came to Canada in 1910, making up his mind that he would complete his university course. He worked his way through university by taking all kinds of work in the summer to enable him to get through. There he specialized in English and in history, becoming later on, as the Prime Minister has said, a teacher in one of the Ontario high schools where he remained for a number of years, indeed until he was elected as a member of the House of Commons. May I just say in passing that one of the assets he had when he was seeking election to this house in 1942 was that he had made great friends of the students of Vaughan collegiate where he was a teacher, and they wholeheartedly went out to support him in that election, a fact which I think was a great tribute to him as a teacher and friend of the young people in that community.

I knew him long before he came to this house. When I was the president of the Canadian Teachers' Federation he was associated with the secondary school teachers of Ontario. He contributed greatly to the welfare of the teaching profession of this country. The excellent brief which was presented to the Rowell-Sirois commission when it sat in this city some years ago was largely the work of the late Joseph Noseworthy, and the teachers of the country are grateful to him and appreciative of the work that he did for them in that regard.

He was elected to this parliament in 1942. As the Leader of the Opposition, the Prime Minister and the leader of the Social Credit party have said, in this house we found him to be a great friend, a great representative of his constituency and a fine personality. We shall miss him from this place. To his colleagues and to myself, he was always a loyal friend. I feel personally that in the passing of Joseph Noseworthy I have lost one with whom I have been associated for some 30 years in the teaching profession and the House of Commons, and that is a very real and personal loss as well as a loss to the party which I represent.

We too join in expressing our deepest sympathy to his widow, his daughters, his son and other members of the family in their sad and sudden bereavement.

Sometimes we can find in the literature of our language something which appropriately describes an individual. Robert Browning, in one of his poems, wrote these words:

One who never turned his back but marched breast forward,
Never doubted clouds would break,
Never dreamed, though right were worsted, wrong would triumph,
Held we fall to rise, are baffled to fight better,
Sleep to wake.

I know of no words more appropriate than those to describe the life and work of Joseph Noseworthy.

Mr. Daniel McIvor (Fort William): I should like to say a brief word, Mr. Speaker. Because our colleague belonged to the same branch of the church as I do, I felt it was my duty, as well as my privilege, to call on him when he was ill. I was cheered because I found he was not afraid of death, and what we know as death was to him a release to a greater life and larger liberty: not dead but living.

NATIONAL DEFENCE

D.E.W. LINE—TRANSPORTATION OF SUPPLIES FROM ALASKA

Hon. George C. Marler (Minister of Transport): I wish to make a statement concerning the transport of supplies out of Eagle, Alaska, in connection with the construction by the United States of the distant early warning line.

The agreement between Canada and the United States for the construction of the D.E.W. line in Canada provides that Canadian carriers will to the fullest extent practicable be afforded the opportunity to participate in D.E.W. line transportation in Canada; and as hon. members know, the greater part of the airlift for the D.E.W. line has been carried out by Canadian air carriers. The transport of

construction materials to D.E.W. line sites offers many difficulties and has necessitated the use of different routes and different modes of transportation.

During the winter of 1954-55 Alaska Freight Lines—a United States company which operates barges between Seattle and Alaska and trucks and tractors in Alaska, and which has, I understand, a Canadian subsidiary—moved certain materials for the D.E.W. line by means of a snow train from Circle, Alaska, almost due north to Shingle Point on the Arctic coast in the Yukon. From there it hauled the freight eastward along the coast to certain D.E.W. line sites in Canada.

During the summer of 1955 information from United States sources indicated that it was expected that the same facilities would be used in the winter of 1955-1956 over the same route between Circle and Shingle Point. After examining the matter, the Canadian authorities were satisfied that these snow-train services out of Alaska would be needed during the winter of 1955-1956 for the purpose of the construction of the D.E.W. line. Failure to move the material would have resulted in a serious delay in the shipments urgently required for the D.E.W. line work this winter, but it was pointed out to the United States authorities that any extensive and continuing use of snow trains in Canada should be based upon the use of Canadian operators. I am informed that at least one Canadian company was approached by the construction contractor in that sector, but that company indicated that it could not be ready in time for operations this winter. This is not surprising because not only are considerable organization and extensive equipment necessary, but the route northward from Circle, Alaska, is not in an area in which Canadian operators are normally interested.

In developing its plans for operations in the winter of 1955-56, Alaska Freight Lines found it desirable to cut a winter road from Eagle, Alaska, eastward to Norman Wells and thence northeastward to the Arctic coast. This change of route was made without consultation with the Canadian government, and accordingly final permission for the operation was withheld by the Canadian authorities until the company had supplied full details as to the operation and had satisfied Canadian officials that it would comply with all applicable Canadian laws and regulations.

May I now, Mr. Speaker, deal with the subject of complaints. A joint complaint from two Canadian charter air carriers, one at Whitehorse and the other at Dawson, alleging that Alaska Freight Lines was improperly using United States aircraft to assist the snow-train operations in Canadian territory,

was received by the air transport board. Upon investigation it was found that though Alaska Freight Lines may, in its earlier operations to which I have referred, have made use of United States aircraft, it was, at the time of the complaint, using the services of one Canadian and one United States light aircraft.

No other complaint has been received by the departments of national defence, transport and national revenue.

I hope, Mr. Speaker, that what I have just said replies fully to the question which the hon. member for Prince Albert (Mr. Diefenbaker) addressed to the Prime Minister on the orders of the day on March 23.

I understand that the Whitehorse board of trade did prepare a brief criticizing the operations in Canadian territory of Alaska Freight Lines and suggesting that it was not conforming with Canadian laws and regulations. This brief was addressed not to the government but to the hon. member for Yukon (Mr. Simmons), who communicated its contents to the departments concerned. These departments report that the laws and regulations administered by them have been complied with and that the necessary steps have been taken to ensure that they will continue to be complied with. The hon. member for Yukon has informed me that the principal object which the Whitehorse board of trade had in mind was the operations next winter, 1956-57, and I hope that it will be possible to satisfy them on this point.

CANADA GRAIN ACT

AMENDMENT RESPECTING DISTRIBUTION OF BOX CARS

Mr. H. R. Argue (Assiniboia) moved for leave to introduce Bill No. 210, to amend the Canada Grain Act (distribution of box cars).

Mr. Knowles: Explain.

Mr. Argue: The purpose of this bill, Mr. Speaker, as usual, is to provide a new method for the allocation of box cars at each marketing point so that producers will be enabled to deliver their grain to the elevator of their choice.

Motion agreed to and bill read the first time.

INDUSTRIAL RELATIONS

PROVISION OF ANNUAL HOLIDAYS WITH PAY FOR EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 211, to provide for annual holidays with pay for employees.

Mr. Argue: Explain.

[Mr. Marler.]

Mr. Knowles: Mr. Speaker, the purpose of this bill is to provide by law that all employees in Canada who come under federal labour jurisdiction be granted at least two weeks' holidays with pay after one year's employment. This bill would thus write into federal law a provision already on the statute books of some of the provinces, the provision of at least two weeks' holidays after one year being the best of any such provisions.

Motion agreed to and bill read the first time.

MOTIONS FOR PAPERS

VANCOUVER-JOYCE SUB-POST OFFICE—CHANGE OF LOCATION

Motion No. 49—**Mr. Knowles (for Mr. MacInnis):**

For a copy of all letters, telegrams and other communications, from August 1, 1955 to February 24, 1956, between any person in the Post Office Department and any person or persons in Vancouver, British Columbia, relative to the change of location of the sub-post office Vancouver-Joyce (No. 9795), and the change of postmaster at the said sub-post office.

Mr. Pickersgill: Mr. Speaker, I wonder if the hon. member would let this motion stand until the Postmaster General is here?

Mr. Knowles: Agreed.

Motion stands.

PUBLIC SERVICE—COLLECTIVE BARGAINING

Motion No. 57—**Mr. Knowles:**

For a copy of all correspondence exchanged between the Prime Minister and any organizations representing federal civil servants (including postal employees and any others), dated at any time since January 1, 1955, with reference to the question of collective bargaining between such employees and the federal government.

EXTERNAL AFFAIRS

STATEMENT ON VISIT OF PRIME MINISTER WITH PRESIDENT OF UNITED STATES

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to ask the Prime Minister if he will inform the hon. members of this house in regard to what was discussed, and, in so far as that is possible, what was achieved at the meeting in Virginia which he attended just before Easter.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I anticipated that there might be such a question and I prepared a rather brief statement of what took place there which otherwise I would not have inflicted upon the house ten or twelve days after the visit that has been so fully, although

not always as accurately as fully, reported in the newspapers of both countries.

This visit took place at White Sulphur Springs on March 26 and 27 between the heads of governments of the United States, Mexico and Canada. The host at this meeting was the President of the United States who in his invitation and subsequently emphasized that it would be of an informal character without agenda for the purpose of exchanging views on matters of mutual interest and of getting to know each other better.

In view of the character of the meeting, no decisions were reached and none was expected. It was, however, from my point of view, both helpful and agreeable to be in a position to discuss current international affairs with the presidents of the United States and Mexico in this informal way. There was also an opportunity to bring up one or two subjects of specific Canadian-United States concern with President Eisenhower and Mr. Dulles.

The general discussion centred largely upon the comprehensive report which Mr. Dulles made on his recent visit to Asia. It has been stated in the press that in the subsequent exchange of views there was an emphatic expression of policy difference between the United States and Canada in respect of communist China. The reports in that form are without foundation. It is quite true that both President Eisenhower and Mr. Dulles explained very frankly the reasons why recognition of the communist government at Peking could not be contemplated under present circumstances and why they felt their support should be continued to the government of Chiang Kai-shek. However, there was nothing said about the Canadian position which would suggest any change whatsoever from that stated in the house by the Secretary of State for External Affairs (Mr. Pearson) on January 31 either in respect of recognition or of our attitude toward the islands of Quemoy and Matsu off the coast of China.

Each government is fully aware of the position of the other in these matters, as indeed they were before the meeting at White Sulphur Springs. It is true, however, and this was recognized at our recent meeting, that there are many countries which have recognized the Peking regime, and that this has created a problem as to which regime should represent China at the United Nations, a problem which may be expected to grow more acute as time goes on.

There was considerable discussion over the position in the Middle East, the seriousness of which, of course, everyone recognized. It was agreed that, while all possible steps to reduce immediate tension should be taken, peace could only be secured there by an agreed political settlement between Israel and its neighbours. In this connection, the three governments welcomed the expected intervention of the United Nations at this time, since formalized through the resolution which has just been passed unanimously by the security council. I am sure that the Secretary General of the United Nations has our best wishes for success in the very important mission on which he is now engaged in consequence of this resolution.

There was also general discussion of the possible consequences of recent communist party developments in Russia. I got the impression that it was felt that any firm conclusion in regard to the long-range importance of these changes would be premature but that, in any event, they would not warrant any relaxation of effort on our part, either in defence or diplomacy or negotiation.

Consideration was also given to the problems arising out of the emergence of new states in Asia and Africa, states which are as sensitive about their national independence as they are insistent on greater human welfare for their people. In this connection there was an exchange of views as to the desirability of continuing international economic assistance to materially underdeveloped countries, and especially as to the importance of removing any feeling that such assistance on the part of western countries had any ulterior motive or was inspired by any other spirit than good will and understanding. On the Canadian side, we expressed the view that it might help to remove any suspicions of ulterior motives if the United Nations were brought more into the picture than it had been, at least from the point of view of using the organization as a clearing house for plans and policies and information in regard to international assistance schemes. We felt that this had been done with good results in the annual meetings of the ministerial committee of the Colombo plan, and that possibly this practice could be usefully extended to the wider field of the United Nations, so that it would become clear to the whole world community what various countries were doing in this matter and why they were doing it.

In our bilateral talks, I emphasized once again to the President the importance of better-balanced trade between our two countries. I referred to the existing unfavourable balance in our visible trade, and I mentioned that the compensation or correction of this imbalance by capital movements occasionally was the cause of some concern in this country

lest the control of our economic development, which should remain in Canadian hands, might be prejudiced thereby.

I also suggested to the President that the time seemed to have come when problems regarding the use of water power on rivers crossing the international boundary might well be studied at a conference between representatives of the two governments. Here I might perhaps extend this a little to answer a question of which notice was telephoned to my office by the hon. member for Kamloops (Mr. Fulton). There was no discussion of the problem, but merely the suggestion that it would probably be desirable at this time to have it studied by a joint conference representing the two governments, to try to get at something which would make for the possibility of expeditious use of these water powers to the best possible advantage of the people who might derive advantage from their use. It was left at that, with the understanding that the subject would be further pursued in discussions between our Department of External Affairs and the Secretary of State of the United States.

Needless to say, the President expressed a very warm feeling for this country and gratification at the way in which relations between our two peoples were based on mutual respect and friendship and frank statement of diverging views, when there were diverging views. He took advantage of the opportunity to mention some concern over the proposed 20 per cent advertising tax on Canadian editions of United States magazines. My explanation to him of the nature and purpose of this proposal will serve, I hope, to lessen his concern about it.

Having to make this statement, I would not want to end it without expressing once again my grateful thanks to the President and the government of the United States for the kindness and friendly hospitality which they showed us during our visit. I would also like to express my sincere appreciation of the opportunity thus afforded to me to become acquainted with the President of Mexico and to renew my acquaintance with the foreign minister of Mexico. It should be a source of real gratification to all Canadians that the relations between Canada and Mexico are developing in such an important and satisfactory way.

Mr. Drew: Mr. Speaker, I wonder whether the Prime Minister would tell us if the government of the United States shared the view, expressed by this government just before the Easter recess, that the situation in the Middle East has been easing.

[Mr. St. Laurent (Quebec East).]

Mr. St. Laurent (Quebec East): I do not know that that word was used. The views that were expressed and discussed there were in general to the effect that there were still good grounds to hope that there would be no serious conflict there and that this intervention of the United Nations might have satisfactory results and bring about an agreed political solution which, it seemed to be recognized, was the only way in which peace could be assured in that part of the world.

Mr. Drew: My question was directed to the fact that there is an obvious difference between the actions taken by the two governments and that this government expressed a definite opinion that the easing situation in the Middle East justified the shipment of the further aircraft to Egypt, and other action that was taken at that time. I wondered if that subject had been discussed on that occasion.

Mr. St. Laurent (Quebec East): The fact that shipments had been made was alluded to. It was alluded to not in the general meeting with the two Presidents and the Canadian representatives but in our bilateral meeting, and there was expression of satisfaction that we had released those small shipments to Israel.

Mr. Drew: I referred specifically to the shipment of aircraft to Egypt.

Mr. St. Laurent (Quebec East): That was not referred to at all.

Mr. Fulton: May I ask the Prime Minister whether his statement that it has been suggested that the problems of the control of the Columbia river should now be discussed directly between representatives of the governments of the two countries means that the Prime Minister or the government feel that the situation has got to the point where it is not likely to be solved under the agency of the international joint commission and that it should therefore be discussed at the higher level by direct negotiation between governments?

Mr. St. Laurent (Quebec East): I would not like to say this was a higher level but there was a feeling that the chairmen of the two sections had publicly expressed views so diametrically opposed to each other that there was little probability of their being able to make the kind of progress we would hope would be made in arriving at a solution of these problems.

Mr. Fulton: If I may ask one further question, has a date, either definite or tentative, been set yet for the meetings?

Mr. St. Laurent (Quebec East): No. I would not even wish to convey the impression that the President had agreed that there would be meetings. He seemed interested in the suggestion and it was left that the matter would be further discussed between our Department of External Affairs and the department of the secretary of state.

[*Later:*]

On the orders of the day:

Mr. Fulton: May I ask a further question with relation to the matter of the Columbia river development that was referred to earlier? Can the Prime Minister give the house assurance that the surveys and plans for the development of Columbia river power in Canada will not be interfered with in any way because of the prospect of these negotiations, and that no such undertaking was implicit in the discussions?

Mr. St. Laurent (Quebec East): There was no undertaking implicit whatsoever. It was merely a suggestion that it might be desirable at this time to have the matter looked into, and the Columbia river was not referred to particularly. It was the rivers that cross the international boundary. The Columbia is one of them, the Yukon is another and the Saint John in the east is another. There are several of these rivers. The matter was just referred to. The whole thing probably did not take more than three minutes, not as much time as it has taken in the house to answer the questions.

Mr. Fulton: There is no reason why surveys and studies in Canada should not proceed as before?

Mr. St. Laurent (Quebec East): My conversation with the President is not a reason why they should not proceed.

RUSSIA—REPORTED ESTABLISHMENT OF AIRFIELDS ON ICE FLOES

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Before the Easter recess the hon. member for Oxford asked whether any Russian airfields were established on ice floes at the present time in Canadian Arctic waters. There are two ice islands, Mr. Speaker, known to be occupied by Soviet personnel and drifting in Arctic waters. They appear to be used as weather stations and for other scientific purposes. They have landing strips enabling them to be supplied by transport aircraft and they also make use of helicopters. Neither of these ice islands is in Canadian Arctic waters.

[*Later:*]

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Secretary of State for External Affairs arising out of the statement he has just made. Did the minister say in the last part of his statement that there are none of these Russian ice airfields in Canadian Arctic waters at present or that there have not been?

Mr. Pearson: I said, Mr. Speaker, that neither of the Arctic stations referred to was in Canadian waters. I cannot say offhand whether there ever has been such a station in Canadian Arctic waters in the past, but I have no knowledge of one.

INCOME TAX

MANITOBA—DEDUCTIBILITY OF CONTRIBUTIONS BY BREWERIES TO POLITICAL PARTIES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Revenue. Will the minister re-examine the income tax files of the breweries of Manitoba to ascertain whether any of them claimed income tax deductibility for the contributions they made, as revealed in Winnipeg last week, to the Liberal, Conservative and Social Credit parties of Manitoba?

Hon. J. J. McCann (Minister of National Revenue): I can comply with the request of the hon. gentleman but I doubt very much whether I can give him information about other people's business.

Mr. Knowles: May I make it clear that I did not ask the minister to give publicity to information that is secret by law. I asked him if he would examine the files to ascertain for the benefit of the treasury whether or not such deductibility was claimed by the breweries of Manitoba. May I assume the minister will conduct such an examination?

Mr. McCann: Mr. Speaker, I understand the question and will take it into consideration.

[*Later:*]

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Minister of Justice. In view of recent developments in Manitoba, would the minister state whether he, while premier of Manitoba or at any time since then, received any financial contributions from the breweries of Manitoba?

Inquiries of the Ministry

Hon. Stuart S. Garson (Minister of Justice): That is an easy question to answer. The answer is no.

Mr. Zaplitny: Mr. Speaker, may I direct a supplementary question to the Minister of Justice. Is the minister aware of any financial contributions made by the breweries to the party with which he is associated?

Mr. Garson: Mr. Speaker, the answer is no.

Mr. Knowles: Mr. Speaker, may I direct a supplementary question to the Minister of Justice. Is the minister aware that the breweries made contributions to the Liberal party in Manitoba during the time he was leader of that party?

Mr. Garson: Mr. Speaker, the answer is no.

Mr. Knowles: Is the minister now aware of it since I have told him?

Mr. Garson: Only on my hon. friend's authority.

Mr. Knowles: I will send my hon. friend a copy of the Winnipeg *Free Press*.

REPORTED RECORDINGS OF TELEPHONE CONVERSATIONS WITH TAXPAYERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Revenue. Has the income tax branch made any recordings of telephone conversations with taxpayers or has it requested that any such recordings be made, as reported in Saturday's issue of the Windsor *Daily Star*?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the answer is no.

PRIVILEGE

MR. ROBINSON (BRUCE)—REFERENCE TO BRUCE COUNTY BROCHURE

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, on a question of personal privilege, I have in my hand a Bruce county brochure. You, sir, will receive one, together with all hon. members of the House of Commons. I wish to say that if any of you can find the time to visit Bruce you have a cordial invitation to look us up at Kincardine.

[Mr. Zaplitny.]

NATURAL GAS

PRESS REPORTS OF ALTERNATIVE PIPE LINES TO EASTERN CANADA

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): In the absence of the Minister of Trade and Commerce, may I ask the Prime Minister if any information can be given to the house with respect to the extended reports which appeared in the press during the Easter recess regarding discussions that have taken place as to possible alternative pipe-line projects to carry gas to eastern Canada?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. I am sorry, but I was away in Quebec during the Easter recess and no communication was made to me of any possible alternative plan in that respect.

FINANCE

BANK OF CANADA—PURPOSE OF INCREASE IN DISCOUNT RATE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Finance. Can the minister say what the purpose is of the recent increase in the Bank of Canada discount rate and can he assure the house that it will not lead to any general increase in bank interest rates?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, the banking and commerce committee is meeting. The governor of the bank will be available for questioning.

Mr. Argue: Do I take it from the minister's answer that he is giving up his responsibility to make a reply in the house on a very important question of public policy?

Mr. Harris: Of course not, Mr. Speaker.

TELEVISION

REPLY TO REQUEST FOR EXTENSION OF FACILITIES TO MANITOBA

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, on March 26 the hon. member for Dauphin asked the following question:

> Does the Canadian Broadcasting Corporation intend to extend its television facilities to the province of Manitoba in the near future and, if so, at what points?

The Canadian Broadcasting Corporation advises that it is not at present planning to extend its television facilities to cover any additional points in the province of Manitoba in the near future.

GRAIN

OATS—REQUEST FOR ASSURANCE OF SUPPLY OF GARRY 27

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, on the last sitting day the hon. member for Bruce asked a question of me in my absence and referred it to the Minister of Finance. The question has been referred back to me. His question was as follows:

Will the minister inquire as to the number of bushels of Garry 27 oats being exported to the United States, and make sure that there is sufficient supply left in Canada for our farmers' needs?

Statistics of oat exports are not maintained by varieties. There is, therefore, no record of the quantity of Garry oats which has been exported to the United States.

The estimated production of Garry oats in Canada in 1955 eligible for grading as registered or certified seed was 750,000 bushels. A total of 369,082 bushels have been graded and inspected as registered or certified seed to February 29, 1956. Seed from this stock has been offered freely on the Canadian market and there are still substantial quantities available.

It is understood that all Canadian demands have been taken care of. In fact, with the season for the sale of seed drawing to a close, it now appears that there may be some unsold surplus of Garry oat seed from the 1955 crop.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR FARM ORGANIZATION REPRESENTATION

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the minister recently received any requests from provincial ministers of agriculture that farm organizations should have representatives at the coming federal-provincial conference? If so, will such invitations to such farm organizations be extended?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I suppose it depends somewhat on what my hon. friend has in his mind whether the answer will be yes or no. When I was in Saskatchewan I noted in the press in Regina that there had been a discussion of the matter in the legislature in the province of Saskatchewan and that the minister of agriculture in that province said that a request had been made to me. I will have to look the matter up and see whether or not there was such a request made recently.

Mr. Argue: Will the minister make a reply at a later date?

Mr. Gardiner: I might make a reply now that it is not the intention to extend invitations to the farm organizations to be there.

Mr. Argue: Another big mistake.

Mr. Drew: Mr. Speaker, the answer given by the minister is an interesting one. From the minister's answer do I take it that his reply will depend upon what he thinks the hon. member wants?

Mr. Gardiner: No. I think my second answer made it quite clear that it does not depend on that. The statement has already been made in this house on a number of occasions that the question was fully discussed, with the provincial ministers of agriculture present and all of the representatives of the farm organizations present at the conference last December. The nature of the meeting and those to be present was agreed to then. The call has been put out. We do not intend to enlarge upon it.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, March 28, consideration of the motion of Hon. W. E. Harris (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, and the amendment to the amendment of Mr. Coldwell.

Mr. Hector Dupuis (St. Mary): Mr. Speaker, in the first part of my speech that I had to interrupt on the adjournment on March 28 last for the Easter recess, I was just asking the members on the opposite side of this house to be a little bit more logical and to stop asking for a decrease in taxes while at the same time asking for an increase of government expenditures in different fields covering the administration of the various departments of this country. On that occasion I also made a suggestion that the hon. member for Lethbridge (Mr. Blackmore) should talk to the premier of Alberta and ask him to start to distribute the dividend which was promised to Albertans 20 years ago by Mr. Aberhart who just 20 years ago, within a few days, said that he was not able to fulfil the promises he had made to the citizens of that particular province. I wonder if my hon. friend has started yet to act on that suggestion? I still call upon him urgently to go ahead and give the Alberta dividend for the benefit of that particular province in order that the citizens should at least after 20 years get the dividend

that was promised by the Social Credit party. At the same time while I am making suggestions and before I go into the second part of my speech which I will make in French, I would also suggest to two of the hon. members of my own province to get in touch with the premier, with whom they are on such friendly relations, in order to ask him to increase the old age pensions in the province of Quebec. This particular suggestion is addressed to the hon. member for Three Rivers (Mr. Balcer) and also to the hon. member for Quebec West (Mr. Dufresne) so that Quebec, with the $400 million budget which they have this year, should be in a position to increase the old age pension for the residents of our respective province as was done in the other provinces, and just lately in the province of Ontario.

Before terminating my remarks in English may I say that I am sure—I repeat myself again and may I express the hope—that when the international situation shall have been cleared up—that means to say that when the conditions are such that there is no immediate fear of war activities—this government will be in a position first of all to decrease the taxes which are a heavy burden on the shoulders of Canadians and at the same time to increase the welfare allocations which are granted generously to the various classes of our population. Everyone must realize, however, that in the welfare department alone we are spending over $1½ billion for the purpose of helping our citizens in different ways. I refer to hospitalization grants, old age pensions and all kinds of welfare measures that were adopted for the benefit of our citizens. One of the most effective social measures ever adopted by this government was the Unemployment Insurance Act which has given such highly appreciated benefits to those who, for one reason or another, are forced to be idle for some time. I particularly wish to congratulate the Minister of Labour for having followed the situation month by month and year by year in order to increase, according to the conditions existing, the rate which is allowed to the man who is unemployed and is receiving an allowance from the unemployment insurance commission.

I shall now revert to my own language, Mr. Speaker. If I took a long time speaking in English, it is owing to the fact that my hon. friends on the other side of the house put words in my mouth by the questions they asked me.

(*Translation*):

Mr. Speaker, there are two points which I would like to discuss, first as the member for St. Mary, and also simply as a representative from the province of Quebec. My hon. friend, the member for Terrebonne (Mr. Bertrand), recently mentioned a subject which deserves the particular attention of the federal authorities; I mean the rubberized footwear industry in our province. I think it is my duty to stress the point with the greatest firmness, because in my own riding the Dominion Rubber Company is operating a plant which, according to its management, is unfortunately bound to close down if competition due to the importation of those foreign and commonwealth products continues to increase.

Like several other members of this house, I received from the management a brief on the position of this particular industry, and I think I should insist and draw to the attention of the house certain figures which will doubtlessly give some food for thought to those whose responsibility it is to look after our trade balance. I would moreover draw the government's attention to the necessity of reviewing our policy with regard to the importation of certain goods, which is proving very damaging to the industry I just mentioned.

The hon. member for Terrebonne described the position very clearly, and I commend him for doing so. It is indeed not the first time that we benefit from his experience; he is one of those who are concerned with all questions of vital interest to our country. Of course, he also more especially looks after the interests of his own county.

The Dominion Rubber Company also operates a factory in the county of Terrebonne, and the employees risk losing their jobs because of the conditions he has so well described and on which I would like to comment for a moment. Because of a preferential trade agreement which goes back to 1932, I believe, at which time the late Right Hon. R. B. Bennett was prime minister of this country, certain commonwealth industrialists, such as those in Hong Kong, were allowed to take advantage of our preferential tariff and to export certain goods to this country, notably rubberized footwear. I definitely share the view of those who say that this treaty is out of date. Not only is it out of date as far as that industry is concerned, but perhaps also in other cases as well.

In 1949, for instance, we imported 2,000 pairs of rubberized footwear, while in 1954 this figure had risen to one million pairs imported from various places such as Hong Kong.

For the ten first months of the year 1955, 2,186,928 pairs of rubberized footwear were imported from various places. These figures immediately show the seriousness of the competition with which our local industry is faced.

But that is not all. We must remember that, in that same period, our exports were substantially reduced, since we are in no position to compete with a market like Hong Kong's for instance, where workers are paid about 10 cents an hour, whereas the average hourly wage of a Canadian worker is about $1.45. We can therefore not expect to export this product to Europe or elsewhere since we cannot meet the competition of such cheap labour. To my mind the main factor in the price differential is not the cost of the material, but rather the labour costs. Until 1949 we were able to manufacture these products very profitably, but at this time competition has become highly dangerous and threatens to snuff out the local market.

I am no expert on the matter, Mr. Speaker, but it does seem to me that a thirty-two year old treaty should be revised. To my mind, not only should the suggestion made by the hon. member for Terrebonne be given serious consideration, but import quotas should be established. As the hon. member for Terrebonne so aptly stated, such an attitude would allow the canvas and rubber shoe industry to stabilize its situation, to see where it is going, because the leaders of this industry are really alarmed. In fact, judging from the brief they submitted to us, they do not beat around the bush about it. To them, the situation is so critical that they summarize this report by stating that there are only three alternatives. Either go out of business completely, or else import these products themselves and resell them, taking into account the very low price at which they could secure them from abroad because of the extremely lower level of salaries paid in these countries exporting canvas and rubber shoes, as I pointed out a while ago. Or else, they could close down in this country and set themselves in business in those countries where they could obtain labour at rates of 8 to 10 cents an hour.

So, Mr. Speaker, I thought it a good thing to add my humble observations to those of the hon. member for Terrebonne. If I did not speak at length on this subject, it was because it was dealt with in a masterly way by my hon. friend, but I think it my duty to insist in order that the government consider this matter seriously and help the canvas and rubber shoe industry of this country.

Now, the second point I should like to deal with, in the time left at my disposal is one of local interest and one which I bring up at each session. It is the matter of toll bridges. Many a subject has been often discussed in this house, and by raising them repeatedly their sponsors finally reached their goals. I wish that the hon. Minister of Transport (Mr. Marler) would listen to, or read if he is not here, the few remarks I have to make on this subject.

This is not just a purely local matter. If I bring it up it is not because the bridge begins or ends—according to where you come from, in my riding. Nevertheless, I believe that this discussion will help set a pattern all across Canada as far as toll bridges are concerned, if they continue to exist.

According to the request of an association in my riding, I wish to suggest that the tolls be made uniform. If they cannot be made uniform in all provinces, I suggest then that they should be standardized at least in the same province, or, as far as I am concerned, in the province of Quebec, at the very least.

To my mind, Mr. Speaker, tolls should be charged on cars only, and not on passengers, if it is indeed necessary to maintain these tolls, which—I cannot emphasize that too strongly—I still find very hard to understand.

Is my time nearly over, Mr. Speaker? Well, you have to make allowance for the fact that I was interrupted for a few minutes.

So I would suggest that tolls be uniform. Then, as far as Jacques Cartier bridge is concerned, I think that the toll-gates should be on the south shore so that the people of Montreal could get to Ste. Helene island—which belongs to the city of Montreal—without paying the toll. I never heard in any city, in any country, that a citizen had to pay a toll to cross a bridge in his own city. I have seen citizens pay something to cross over to another country, to another city or to another province, but I have never seen any place where a citizen had to pay a toll to get to his own property. If the collection booths were moved to the south side, my fellow citizens could go to Ste. Helene island where the city of Montreal has spent hundreds of thousands of dollars to turn it into a most attractive public park. I feel that the national harbours board which administers the bridge should grant all the citizens of Montreal the privilege of travelling free of charge to their

own property on Ste. Helene island which, as I said a moment ago, has been improved to the cost of hundreds of thousands of dollars by the city of Montreal which, in the past, has largely contributed to the payment of the Jacques Cartier bridge deficits. Now that the bridge brings in considerable revenues, it should be obvious that any citizen of Montreal must be given at least the privilege of going around within his own city without having to pay for moving from one street to another or from one side of the river to the other.

I have made these two suggestions. I shall come back to this same subject anyway when the estimates of the Department of Transport are called. I regret not to have more time at my disposal to explain the many reasons why tolls on those bridges should be abolished. However, if this cannot be done, let there be a toll for vehicles only and not for passengers; let there be a standard rate for all bridges so that tickets may be used anywhere, at least within a province, and so that the citizens of Montreal may go to Ste. Helene island without having to pay for using a bridge for which the city of Montreal has contributed hundreds of thousands of dollars.

(*Text*):

Mr. George H. Hees (Broadview): Mr. Speaker, in travelling around the country and talking to one's constituents and people in other parts of the country, the first thing that strikes one is the intense disappointment on the part of the people in the budget which the government brought down three weeks ago. People consider this is a cynical, political budget, brought in for one purpose and one purpose only, namely, to provide a kind of psychological buildup which this government obviously believes is necessary as a curtain-raiser to next year's election budget. There are no tax reductions this year. There will be small tax reductions, or perhaps reasonably large tax reductions, next year. People will feel happy and the government hopes they will go to the polls and vote Liberal. This is nothing more or less than a straight political budget. Tax reductions could have been made easily, and the government is very much to be criticized, and is being very severely criticized by people from one end of the country to the other, for indulging in no more nor less than a cynical political budget at this time.

What this country needs, Mr. Speaker, among many other things, is the introduction of budgetary measures which will create an economic atmosphere which will induce a far more rapid industrial expansion in this country than we are having at the present time or have had for many years past.

The United Nations statistical bureau issued figures in January which showed that the rate of industrial expansion in Canada has been far slower than that of any of our main industrial competitors. By refusing to introduce measures which will correct this sorry state of affairs the government is making it very clear that it is perfectly willing for Canada to continue to be primarily a producer of raw materials, to feed the machines of the United States and of other industrial countries.

Of course, these countries are delighted to use our raw materials to create profits for their industries and employment for their people. They find it very hard to understand why a country like Canada should be so willing to go on making its raw materials available to them and allowing them to have the profits and greater employment while we seem to be quite content to accept the lesser end of the bargain. However, of course, they say, "if you are willing to go on doing that it suits our purpose very well, but we cannot understand why you are willing to do it."

The government's latest move to help United States industry is its proposal to use public funds to enable United States interests to take over the control of the transportation and marketing of a large proportion of one of our most important natural resources, namely, natural gas. This action has mobilized Canadian public opinion as perhaps nothing else could have done, and it has made us realize that for some time past we have been handing over more and more of our resources to the people of the United States. When the people of Canada see the government using public funds to accelerate this process it makes them realize to what extraordinary lengths this process has gone and the degree to which this government has fallen under the domination of United States financial interests. Unless this present process is stopped, Canadians are going to become merely economic vassals of the United States, supplying their factories with raw materials and their people with jobs.

A further example of the government allowing Americans to move in and take over control of operations which should be handled by Canadians was the information which we received a few weeks ago that a United States contractor is to have the control and operation of our distant early warning radar line. We have in our armed forces the

technical personnel necessary to handle this operation. Any shortage in training at the moment could be made up within a period of three months. The government's action in handing over control of the operations of our D.E.W. line is simply further evidence of this government's supine submission to United States pressure.

What is happening is that we have been selling more and more of the ownership of our enterprises to attempt to balance our current account deficit with the United States. Recently, the dominion bureau of statistics published figures which show that during the past year this was the principal means we used to try to balance our record $665 million current account deficit with the United States.

This sort of thing must stop, Mr. Speaker, and the first step we should take is to balance our current account with the United States. The best way to do that is to start manufacturing here in Canada many more of the manufactured articles which we are buying at the present time from that country. For some unexplained reason we seem to be perfectly content, as I said a few minutes ago, to ship most of our primary products to the United States and other industrial countries, and then buy back much of this raw material in its finished form.

By exporting our resources in their raw state, we are simply taking the easy way to make a dollar instead of making $4 or $5 or more by carrying our manufacturing process through to its conclusion here in Canada. For every hour of employment which we gain by exporting our resources in their raw state, we would gain many hours of employment by carrying production through to its finished stage.

The new plants that would be required to make this possible are going to be built only if industries become convinced that it is to their advantage to manufacture in Canada. The most important factor, of course, is cost of production. We must show potential industry that their cost of production will be lower in order to attract them to establish plants here and start manufacturing. In the past, ambitious and alert municipalities have offered potential industry all sorts of concessions to attract them to their locality. These concessions have included such things as free grants of land, cheap water and hydro rates, reduced taxes for an initial period, and the provision of roads, docks, sidings and other necessary transportation facilities. These municipalities have been repaid many times over in the form of increased employment and trade, and the taxes that accrue from both.

I believe that such a program to attract potential industry to all parts of Canada should be pursued with system and vigour from one end of this country to the other. To see that this is done I believe there should be established in Canada a Canadian industrial development board composed of top-flight personnel who would work with the provinces, and through them with the municipalities, in order to find out what concessions could be made to potential industry. With that information available, the board could act as a clearing house and could approach potential industry in order that as much industry as possible, in the shortest possible time, could be established in this country.

An industrial development board such as I envisage would work with provincial governments and through them with municipal governments to explore all possible concessions which these bodies would be willing to make in order to attract industry to their areas. This board would also work with transportation companies to find out what transportation facilities in the way of docks and railway sidings and the like they would be willing to provide for the extra business which would result from the establishment of new plants in the various localities.

If a program of this kind is pursued with imagination and vigour it will greatly assist us in setting in motion a rate of industrial expansion which can equal or exceed that of our industrial competitors. If they can reach the rate of expansion they have reached, there is no reason in the world why a country such as Canada with its tremendous wealth of power and natural resources cannot have as great or a greater rate of industrial expansion.

In addition to the concessions which the provincial and municipal governments could be persuaded to offer, concessions which I believe will be paid back many times over in the form of increased employment and trade, and tax revenues which will accrue from both, the federal government can also offer inducements in eight forms.

First of all it could offer a graduated corporation income tax spread over the period it is estimated a new industry requires to get on its feet. If, for example, such a period is estimated to be 15 years, the tax for the first year would be one-fifteenth of the normal rate and would increase steadily until after 15 years the company would be paying the full rate. The important thing is that there would be no loss to the government by the introduction of such a program because these new industries do not exist at the present time and of course they are not paying taxes. I believe they will not exist unless the federal, provincial and municipal governments are willing to make concessions which will persuade industries that it is to

their advantage to process in Canada. After this is done, the Canadian government will benefit from those taxes, but until those industries are induced to establish plants here, there will be no industries and no taxes. In making a concession of this kind, therefore, the federal government would be losing nothing in the form of taxes, but would gain by the ultimate taxes which would result from such a move.

Secondly, the government can make a material reduction in its sales and excise taxes without loss of tax revenue. By lowering sales and excise taxes the Minister of Finance (Mr. Harris) would be making it possible to lower the selling price of many of our products which are today being priced out of the market. By helping our products to become more competitive, the minister would be stimulating sales, and these increased sales multiplied by a lower unit tax, may very easily equal or exceed our present tax totals.

An example was given to the minister during the past year of just how true this can be. In his previous budget, after considerable pressure had been brought to bear upon him by the automotive industry and the official opposition, he reduced the excise tax on automobiles from 15 per cent to 10 per cent. He estimated in his budget—the budget before last—that this would cost him a considerable amount in loss of tax revenue, but the actual result was that lower prices, made possible by the lower tax, greatly stimulated sales and taxes as well. An increased number of car sales, multiplied by the lower excise tax, resulted in an increase of $8 million in excise taxes paid on new automobiles.

The third thing that the government can do is to reduce today's high income tax. Again I believe that this can be done without loss of tax revenue, because by reducing income taxes the minister is simply going to make it possible for more people to spend more of their incomes on the things they need. That would make it possible for more goods and services to be sold, and more people would become employed producing these additional goods and services. They will be paying income taxes instead of drawing on the government for unemployment insurance or direct relief. There would also be many additional products carrying sales and excise taxes in the future.

Fourthly, I believe that the government can encourage small industries to expand and become big industries by introducing a graduated corporation tax on corporation incomes between $20,000 and, say, $50,000 a year. At the present time a corporation pays 20 per cent on an income of up to $20,000 a year, and on the next $1,000 of income it pays 47 per cent. This provides very little inducement to expand to a firm that is doing a comfortable business of $20,000 a year and paying a 20 per cent tax, because as soon as it does so, half of its additional income is taken in taxes. If the rate of increase between $20,000 and $50,000 a year is graduated, many industries that are small industries today will be induced to enlarge and take on the added responsibilities and worries which go with an industrial expansion.

Any initial tax losses which the government will experience, I believe, will be more than made up in the very near future by the additional sales, excise, and income taxes, which will accrue from the additional sales and employment resulting from the expansion which such a measure will induce.

Fifthly, the government can help to improve the competitive position of industry through enabling industry to undertake a greatly expanded research program, if the minister will allow a more reasonable tax write-off for expenditures made on research. At the present time the government allows only five per cent of the taxable income of the previous year, unless special permission is obtained from the minister. That means that a company which wishes to undertake a research program that will cost in excess of five per cent of the income of the previous year must wait until approximately half the current year is over, and then the decision of the Minister of National Revenue may be an unfavourable one. As any businessman knows, a decision to undertake a research program must be made well in advance of the beginning of the year, and cannot wait until the previous year's figures have been first audited and then given to the Department of National Revenue for that department to put the figures through its usual procedure of red tape.

Another factor which militates against undertaking an expanded research program at the present time is that expanded research is most needed after a bad year, when the amount allowable for tax deductions would be least. This points up the present unreality of the government's approach to the need for expanded research in this country at the present time. In Great Britain, a company is allowed to write off completely all expenses—both current expenses and capital expenses—that it undertakes for research purposes, and I believe that this government would do well to follow the same plan. I do not think that it will suffer any tax loss by so doing, because the increased employment and sales that would be made possible through additional research and the taxes they will carry in the future would more than make up for any initial tax loss which the government might suffer.

Sixthly, the government could help new industry through an accelerated depreciation program, which would permit new industries to write off their investment far more quickly than they do at the present time. This would not cost the government one penny when it is spread over the present depreciation period.

Seventhly, the government could assist gas and oil companies materially by allowing them a more generous depletion allowance on oil and gas wells. This would greatly encourage exploration and development, and would put them on a basis more comparable with their United States competitors. At the present time the United States allows a depletion allowance of 27½ per cent of gross income, not to exceed 50 per cent of net income. This policy has encouraged the United States oil and gas companies to undertake very important exploration and development programs, with extremely beneficial results to the industry. I believe that this government would do well to adopt a similarly generous program for Canadian oil and gas companies.

Finally, I believe that the government should introduce a policy on public investment to assist the provinces to develop their power and other natural resources. It is public investment of this kind that is needed to help stimulate the private investment which we need to speed our economic expansion, which today is lagging so far behind that of our competitors. It is on the firm basis of seaways, highways, natural gas, electric power, irrigation and reclamation, that people build homes and offices and factories. If the people of Canada will lend their government $12 billion to shoot up in smoke, as they did during the second world war, surely they will lend it a billion dollars or so to be invested in self-liquidating public works which will make possible more jobs and higher more stable, tax revenues.

Now I should like to deal briefly with the 20 per cent tax that has been imposed by this government on Canadian advertising sold by United States periodicals that publish Canadian editions.

Mr. Harris: Not Canadian, all advertising.

Mr. Hees: All advertising. First of all, why was this tax imposed? It certainly was not imposed at the request of any Canadian publication. They know perfectly well that this measure will not reduce by a single copy the number of United States periodicals sold in Canada. People are going to go on buying these American magazines because they provide a type of presentation of news and views which is not provided by any Canadian publication at the present time. They are going to continue to buy these magazines until comparable publications are produced in Canada.

This tax, Mr. Speaker, is nothing more or less than a punitive tax imposed for a purely political reason. That reason is that the government has been severely embarrassed by the widespread criticism it has so justly received because of its willingness to use public funds to make easier the acquisition of Canadian resources by United States interests. I believe that the imposition of this tax is nothing more than a frantic and very futile attempt to show that the government is not really as meekly submissive to United States pressure as its pipe line proposal has very clearly demonstrated it to be. Unfortunately, however, it has chosen an attempt to hinder the sale of United States publications that publish news and views not available in a similar form in Canada, as its means of doing so.

If the government wants to help Canadian publications to increase their circulation at the expense of United States periodicals, then let it adopt a positive and constructive, instead of a negative and destructive, approach to the problem. Such an approach could well take the form of a reduction in postal rates for Canadian publications. To encourage foreign publications to increase their percentage of Canadian content, the government could allow the same percentage reduction in postal rates as their Canadian content bears to the remainder of the publication. Such a measure would be easy to introduce and administer, and it would serve the dual purpose of helping Canadian publications and encouraging foreign publications to increase their percentage of Canadian content.

Now, Mr. Speaker, what about the effect that this tax has had on our relations with the United States? It is obvious that it has had a very bad effect indeed. In view of what the United States has done recently to maintain good relations by refusing to allow restrictive legislation to be passed against a Canadian company, I believe we should examine this whole measure very carefully indeed. When the senate and legislature of the state of Maryland, by overwhelming majorities in each house, passed a bill denying the Carling Brewing Company of Canada the right to build a plant in Maryland, the United States state department wrote a very strong letter to Governor McKeldin urging him to veto the measure because it was felt that it would create an unfriendly attitude towards Canada. Because the bill had been passed by overwhelming majorities in both Maryland houses, it was very difficult

for the governor to veto the measure, but in response to a personal call by the President of the United States, Governor McKeldin did so.

If the President of the United States thought that the Carling affair was of sufficient importance for him personally to ask Governor McKeldin to face the severe criticism he would have to face in his state by vetoing the measure, then surely the Prime Minister (Mr. St. Laurent) must take the maintenance of international relations as seriously, and he has no course left open to him except to reciprocate and do what the President and Secretary of State of the United States obviously requested him to do when he saw them at White Sulphur Springs, namely, withdraw this punitive and ill-considered measure.

If the Prime Minister is unwilling to do so, he will be making it very obvious that he considers the maintenance of good international relations between Canada and the United States to be merely a one-way street. I hope that he will show that he, as well as the President of the United States, is capable of taking farsighted action, and I strongly urge him to withdraw this punitive and ill-considered measure at the very earliest moment.

Mr. S. R. Balcom (Halifax): Mr. Speaker, today, April 9, is the 39th anniversary of the battle of Vimy Ridge. I was reminded of it this morning when walking around the western part of the building and seeing the small inscription there. I thought we should perhaps be reminded of that great battle for it was the first battle in which the Canadian corps fought as a unit under the leadership of then Lieutenant General Sir Julian Byng. At that time some 97,000 Canadian soldiers in the corps took part in the battle. Unfortunately there were 11,297 courageous young men killed in that battle.

In speaking of Vimy Ridge I thought it might be a good opportunity to mention that we should now be thinking of a really national cenotaph, one that would do for the soldiers who have fallen in all wars. The cenotaph in Confederation square commemorating our soldiers who lost their lives in the war of 1914-18 is very good so far as that purpose is concerned, but it does not cover a broad enough field. I hope a national cenotaph will be built on parliament hill this year or next year on the site suggested by the Canadian Legion, namely, on the walk from Wellington street up to the peace tower. I think it will be a very fitting location.

I should like to be able to make a 15 minute speech but unfortunately I have many local problems which I think should be aired in the house and brought to the attention of the various departments, the public generally and in many cases the people of Halifax. The budget speech and the accompanying papers tabled by the Minister of Finance (Mr. Harris) have given as usual a very complete review of the business of the nation. This year the picture is very encouraging and, indeed, there is some danger of overoptimism and inflation. It seems to me that we just get one kind of problem solved when a different one confronts us. However, we are very fortunate that they are problems with which we can cope. In other parts of the world where life is just one crisis after another there is often a great deal more at stake. We can be thankful that our economic problems are mainly those of development and distribution rather than a struggle for survival.

Speaking of distribution, may I say that we have heard a great deal both in the House of Commons and elsewhere about the problem of surpluses. Many proposals have been advanced and much advice has been offered on what should be done to dispose of our surplus apples, wheat, fish and potatoes. I think it will take something even more complicated than parity prices to provide an equitable disposal plan.

In addition to the wealth of material in the budget speech on the nation's business, there has been an abundance of information on Canada's growth and prospects presented to another august body. A spate of facts, figures and arguments has been brought out in connection with the Gordon commission. It is not only the abundance of material that is overwhelming. What is even more confusing is the strength of conviction with which diametrically opposite views on policy have been presented, backed as well by a substantial array of facts and arguments. How does the lowly politician or the ordinary voter find his way through this perplexing problem? At the risk of appearing to sermonize I am going to suggest some guide posts.

First, our human resources are our most important resources and the objectives that this suggests should be the ones we serve first. Second, we have a great Canadian heritage of both human and material resources of which we are in a sense only custodians for coming generations. Sometimes I am inclined to think that promoters imagine that Canada is a great big apple pie and that we should gorge ourselves on it.

As to human resources, I want to speak first about immigration. Immediately that one raises the subject, one is classed as being either for or against immigration. But it is not as simple as Calvin Coolidge's famous dictum on sin.

I wish it were that simple. But when you are dealing with people, things are never simple. As was pointed out in a recent statement by a labour leader, immigrants are not component parts that can be stored until needed.

A new approach is called for in respect of our immigration procedures. An excellent opportunity is now here to state clearly the objectives of our immigration policy and to set up the standards that will apply. The basic question is this: Do we want a rapidly growing population irrespective of the traditional basis of our culture? We have answered this question in part by our exclusion of certain races or rather by our obvious preference in the selection of immigrants. But it has seemed to be a negative answer rather than a positive policy.

I shall not presume to suggest the procedure that should apply but I would urge that the preservation of a Canadian nation and the democratic condition be the paramount consideration. We should recognize further that the democratic system, whatever its weaknesses, draws its vitality from the principle of the sanctity of the individual. This fact we are sometimes, I think, prone to forget. Devotion to that principle is not something learned overnight. Mere numbers are not enough to assure the preservation of a Canadian nation that represents a strong moral force in the world. We must have citizens who are prepared to accept the discipline and the responsibilities as well as the rights of a democratic society.

The case for large-scale immigration has been presented forcibly by many people. There is no doubt that Canada can and should have immigration—how much will depend on changing circumstances—and our policy should be flexible. It should vary in accordance with the best interests of both native-born citizens and prospective new immigrants. The demands for a larger labour force and a larger domestic market should be recognized but should not take priority over social considerations or concern for our absorptive capacity.

At this point, Mr. Speaker, I should like to mention something that I consider to be important, namely the possibility of making some reciprocal arrangement with the commonwealth countries—in particular the British isles—whereby immigrants coming to Canada might be given a shorter period in which to qualify as citizens. A man of 60 years of age who comes to this country is too old to qualify for social security. I wish arrangements could be made with the British isles and the other commonwealth countries whereby that man would receive credit for what he has paid in the old country. I think that is an important matter. I think we all agree that we should have more people here from the British isles. There are in my own riding several cases in which people are concerned in this problem.

On this same subject of human resources I want to quote the words of a noted economist, J. K. Galbraith, who recently appeared before the royal commission on Canada's economic prospects in support of a plea made to this house earlier this session for aid to universities and students. Mr. Galbraith said this:

> Far more urgent than resource development, as just implied, is the problem of human development. It is vital that this keep abreast of the technical and scientific requirements of growth and that it stimulate growth along this dimension. Here—I speak for the United States and, I think, also for Canada—is our most serious failure. We have left the training of scientists, engineers, and highly skilled technicians largely to chance. We have suffered an enormous wastage of talent by making higher education dependent not on ability but on ability to pay. The present scramble for highly qualified people is a measure of our failure. We must plan to spend generously to correct our mistakes in this area.

I am not going to labour at this time my personal views on this matter, other than to say briefly that I firmly believe that a more generous federal policy on university finance is of vital national importance. Further, I want to emphasize the fact that it is of more than ordinary importance to Nova Scotia and the other Atlantic provinces. We are limited in the opportunities and training we can offer to our youth by our relatively small tax base. Thus in our most precious national asset, our youth, has been denied the opportunity of full development in this land flowing with honey and other sources of wealth.

We have heard with satisfaction the minister's outline of developments, past and present, which make up the picture of a booming economy with bright prospects for the future. It is important to note also that in spite of the rapid growth and spectacular changes that have taken place in our way of life, transportation and communication still remain our fundamental problems. It is natural that they should loom large in the affairs to be dealt with by parliament this session. Their garb is somewhat different from 1867, but their fundamental nature is the same. The dominant factors in the nation's business life are the enormous distances between important points and the relatively small population compared with the total land area. These are the things that dictated the formation of the publicly owned national broadcasting system, the creation of Trans-Canada Air Lines, public participation in the railway system, in the St.

Lawrence seaway and now the proposed participation by the federal government and the province of Ontario in a gas pipe line.

A vital role in our national transportation is played by our national harbours. I want to speak particularly about the port of Halifax. I want to emphasize that the port comprises not only the waterfront of the city of Halifax and Dartmouth but also the shore of Bedford basin and the northwest arm in Halifax county. The property includes grain elevators, a cold storage plant, freight sheds, piers and all the equipment that goes with these. Great improvements have been made in these in the past number of years. In talking about the physical changes, I might mention that there has been a marked improvement in administration, better facilities and better services.

You might think these words of praise could be dismissed as those of an interested party, but I believe you will have them confirmed by those who use the port, such as ship operators and shippers, who know from experience and whose knowledge is important in determining the port of call and the direction of shipping business. Through the combined efforts of longshoremen, freight handlers, shipping companies, insurance firms and other marine service establishments, as well as the federal government, a great industry has been established. The government is to be commended for its recognition of the importance of our ports in the national interest.

Yet in spite of the increases and extensions of facilities by the national harbours board, from time to time ships are tied up in the stream waiting for space to dock. Port business would be even better if our manufactured products were shipped via Canadian ports. For example, in 1953 almost 85 per cent of the Canadian-made automobiles exported, some 37,844, were shipped via United States ports, compared with a little more than 15 per cent through Canadian ports. The picture is roughly the same in so far as farm implements and machinery exports are concerned; in the same year 80 per cent went through United States ports. In my opinion, manufacturers should be bending over to use our ports, for surely we bend backwards in giving them protection and other subsidies.

There is obviously a heavy selling job to be done if we are to attract more of the business that is going. The national harbours board has done an excellent job within the limits set by available funds. The administrative work of this board in Halifax has been assisted, supported and supplemented by the promotional work of the port of Halifax commission. The effectiveness of this organization is indicated by the plan now under way to organize such a commission for the port of Montreal. The contribution of waterfront workers and the shipping companies has already been mentioned, but in my opinion more remains to be done.

Perhaps I need not labour the well known fact of the strategic importance of Halifax and its invaluable contribution to the defence of the free world in time of war. I think most of those in authority are well aware of that fact, but I wonder whether sufficient thought has been given to what might happen in a future catastrophe. I doubt very much whether we would have time to plan and build the additional port facilities so necessary to our survival.

I should like to make one specific suggestion as part of the long-term build-up, and that is that the national harbours board do a complete job now on pier 1-A. The plan, as I understand it, is to build about half the required length in 1956. We feel that this unit should be completed to the same length as pier B, and for various reasons. While the work is under way it would be cheaper to complete the job. Further, there is a rock pile jutting out from the centre of what will be the new pier, and this will be a hazard both for vessels coming into the new pier and vessels berthing on the north side of pier B.

While there has been steady improvement in the harbours board facilities, I cannot say that the reports are equally encouraging respecting our railway and related services. Let me say here that the Canadian National Railways have greatly improved their passenger service during the last year or so, and having done that you would imagine they would have a very forward-looking program for freight. But this does not seem to me to be the case. Halifax is served by the publicly owned Canadian National, but the management of that railway seems to take a very hard, cold look before embarking on any new developments in that area. As it is a crown corporation, decision on such matters as capital expenditures for express and freight facilities rests with the management and not with the government. The Canadian Pacific Railway does not run into Halifax, other than via the Dominion Atlantic Railway, so the incentives ordinarily provided by competition are lacking. It is quite apparent that the Canadian Pacific, as a private company, makes its own decision on whether or not it should have a line into Halifax. I cannot but wonder what the result would be if such competition existed. How much more cargo would go over Halifax piers destined for Newfoundland, for example, if there were alternative transportation?

Consider, for example, the bottleneck in cargo shipments to St. John's, Newfoundland. I have no wish to see business drawn away from North Sydney that can be properly handled on that route. However, if greater efficiency could be attained by using the existing steamship services to St. John's via Halifax, are not the residents of Newfoundland entitled to those benefits? These services via Halifax and via North Sydney should surely be complementary, not competitive. Then, too, the shortage of box cars and yardage, and the limitations of the railway facilities in Halifax have hindered the full use of the port this year.

This is hard to reconcile with the forward-looking policies of the government in the development of national harbours board facilities. The physical facilities and the labour force were available to handle much more freight than was going through. The exports this winter, outside of wheat, have not been very good. I suppose that bottlenecks in one form or another have prevented as much going through as we would like, but I would urge upon the Minister of Transport that greater attention be given to the co-ordination of development in Halifax and Dartmouth to make the best use of what we have. If the accusation is correct that the C.N.R. is giving better service to Saint John, New Brunswick, than to Halifax, it should be investigated and the service brought in line immediately. I see the hon. member for Saint John-Albert smiling. It makes me most unhappy to think the C.N.R. would do such a thing; but it would please us even more if the railroad management adjusted traffic to the level of the importance of the respective ports.

I speak now on a different note. We are pleased at the foresight and energy that have gone into the Canadian National Steamships service to the West Indies. Because of the growing importance of the West Indies and the Caribbean area as a market for Canadian produce this is constructive public action. The traditional importance of this area to the Atlantic provinces is based on solid ground, and the economic advance that is bound to come in that area and in South America is a promising factor for future growth in the Atlantic region. We should take very positive steps in aiding this development.

In Canada glamour seems to attach to the new places, especially if they are far away from the centres of population. It seems so much easier to recognize the need for developmental expenditure in the far north, for example, than in the more settled areas of Canada. I have in mind the development of our forest potential in Halifax county and in eastern Nova Scotia. Several paper companies have shown interest in a site in this part of the province. A mill is now operating at Sheet Harbour which offers possibilities for further processing. Will the development division of the C.N.R. give serious study to this matter to see whether an economic proposition is hindered mainly by the lack of rail service? If that is the case, the extension of rail facilities from Musquodobit Harbour to Sheet Harbour should be thoroughly examined.

At this point perhaps I should like to say how pleased we were to read in the press information about the increase in salaries of the civil service, the navy, the army and the air force, and other branches of government. This means in the Halifax area the distribution of at least another $3 million, and I know the people of Halifax are very grateful.

There is another item I should like to mention at this time, namely the encouragement of our young people to become interested at an early age in the army, navy and air force, in the matter of enlistment or getting into the reserve. But to do this, facilities should be provided in which they can train, in which they can study and meet. I am referring to armouries in Halifax and Dartmouth. The facilities in Halifax now are inadequate, and in Dartmouth there are no such facilities. To do any training they have to go as far as eight miles, and anyone knows this is not very encouraging to people who are interested in the armed services.

Reference has been made to the St. Lawrence seaway. Great interest has been shown in this development and in its possibilities. Particularly we notice, both inside and outside the public service, great energy devoted to ways and means of keeping the waterway open in the winter. The pressure on the federal government to spend enormous sums of money on this objective will mount. Those who have a large investment in Labrador, the owners and workers in the steel mills hungry for iron ore, as well as numerous others who will use the seaway as a means of transportation will raise their voices.

It is desirable that a great national asset be used as fully as possible, but let us keep account of the cost. When we are looking at the total moneys paid out under the Maritime Freight Rates Act—this year the estimates provide for over $11 million—let us realize how very minor this is compared with the costs contemplated for ice breakers, reconnaissance planes, research and all the hidden expenses which will go into the St. Lawrence enterprise, or just that part of it pertaining to winter navigation.

To refer again to the Maritime Freight Rates Act, I note with interest that the president of the C.N.R. feels, as many others do, that a close look at our transportation problems is in order. I would suggest that particular attention be paid to the Maritime Freight Rates Act, its purpose, its basis and its present achievement in relation to its objectives.

To revert to a statement made earlier, I should like to repeat my belief that we living Canadians are custodians of a great heritage. Just as important as the development of our natural resources is the need for proper conservation measures that will preserve, and indeed enhance, what we pass on to the next generations. While federal action in this field is limited to some extent by the sharing of authority with the provinces, notable steps have been taken. In forestry, jointly sponsored forest inventory work will pay off, it is to be hoped, in better forest management. Research on improved utilization of wood is making a valuable contribution to the better use of our forests. In agriculture the Prairie Farm Rehabilitation Act in the west and marshlands reclamation in the maritimes are adding to our capital assets. But we are really only making a beginning in this whole field.

Based on my own constituency, I can cite some situations which call for action. Along the Musquodobit river valley there is a problem of flooding which is almost perennial in the winter and spring. There must be some way in which the periodic wastage from flooding can be prevented. Some scheme of fresh water control should be feasible that would perhaps involve both agricultural and forest conservation. The particular area I speak of is located close to the large metropolitan area of Halifax and Dartmouth.

In the fisheries, good progress has been made in conservation measures to the continuing benefit of the individual fisherman as well as the whole industry. And here I should like to discuss what has become a very controversial matter in Nova Scotia, namely the protection of the inshore fisherman from the inroads of the trawlers. The Canadian law which prevents our trawlers from coming within 12 miles of the shore seems unfair to the trawler fisherman when vessels from other countries can come in to within three miles. On the other hand, it is no solution in the eyes of the inshore fisherman to let all trawlers come within three miles of shore.

The ideal solution lies in obtaining agreement among the several countries involved on a limit to which all would adhere. Theoretically we could change the law affecting our own ships, or take unilateral action to bar foreign ships. However, we have to remember that our dealings with other countries, particularly the United States, involve a great many very important matters. One which is of vital significance to the fisheries is the United States tariff on fish products. If we should be excluded from the United States market by higher tariffs, in many parts of Nova Scotia it would not matter what was the trawler limit. It is useless to deplore our dependence on that market, for it is the place where we get a price sufficient to make it worth while for our fishermen to produce. On the other hand, this surely should not condemn us to a continuation of the present unsatisfactory regulations for much longer. I would urge the Minister of Fisheries, who understands and has discussed this situation and wishes to do something about it, to regard this question as one of very real urgency.

We have in Halifax an excellent example of international co-operation in fisheries conservation. I refer to the northwest Atlantic fisheries council with headquarters at Dalhousie University. I am sure this organization and what it represents would receive much more ardent support from the industry if we could have tangible evidence of co-operation on this matter of the trawler limit.

The budget has been described in many quarters as empty, negative and partisan. I think all three of those adjectives are ruled out if we take just one part of the budget speech and cast out all the rest. I refer to the proposed arrangements with the provinces to replace the tax rental agreements. I believe these represent a statesmanlike approach to a most difficult problem.

On the one hand the federal government must keep in mind that there is only one group of taxpayers, and whether we live in Ontario, Nova Scotia or the Yukon we must collectively provide the revenues for public services. With that in mind the total taxes collected by the dominion government, no matter how fairly they are distributed, must be kept within realistic proportions.

On the other hand the federal government has recognized the need for a certain minimum standard of Canadian services. The equalization payments will go a considerable distance in providing that minimum. At the same time, the development needs of the more rapidly growing parts of Canada must not be neglected in a share the wealth program. The federal government has shown a most commendable spirit and ingenuity in reconciling these three purposes.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the first comment I would like to make is that the lighting in this chamber seems to have improved considerably during the recess—

Mr. Rowe: The heat has increased, too.

Mr. Gillis: —and it makes it a bit more difficult to beat the government, because we can see them too clearly now.

An hon. Member: We can see the whites of their eyes.

An hon. Member: The same is true of the opposition.

Mr. Gillis: When they were in the shadows and we could not see them too clearly it was not too difficult to throw bricks at them.

It is about two weeks since this debate adjourned. In listening to the speeches that have been made I have reached the conclusion that if I were outside the house and not reading *Hansard* I would be rather doubtful as to what we were debating. I had to sit and think for a while and reread our amendment in order to be sure what it was about.

I make that observation in view of the statement by the hon. member for Broadview concerning the great interest that is shown throughout the country in debates that occur in the house. That has not been my experience. The hon. member is not nearly as good a psychologist as the government, because the government realized that in bringing down a completely different kind of budget immediately prior to the federal election it had chosen the proper psychological moment. Of course one cannot quarrel too much with that because if the Conservative party were on that side of the house it would have done exactly the same thing—

Mr. Harris: But not as well.

Mr. Gillis: Well, the minister has admitted that he has done it. The amazing thing is that if the Liberal party were on this side of the house it would be making exactly the same criticisms as those being made by the Conservative party at this time, and would perhaps be doing it a little better.

An hon. Member: Thanks for the compliment.

Mr. Gillis: We should not be too surprised at this time at the kind of budget we have. It is rather difficult to pick it apart because there is nothing to pick, and the minister in making his speech on the budget did not leave very many loopholes. The minister went along very quietly in outlining the budget. When the government is in the position of throwing the shots and then sitting back on the defensive and allowing the opposition to carry on the war practically all by itself, it is not an easy job to criticize the budget because as long as the rules of the game are as they are, this is the way the game will be played.

I think the two groups in this corner of the house are the only groups that can make any valid criticism of the budget as it is at this time, because no one knows what we would do if we were sitting over there.

An hon. Member: That is all too true.

Mr. Gillis: We might have done a much better job than the Minister of Finance did in the face of an election, but of course no one can accuse us of that because we have no record. The other two parties have records. They have established the rules of the game, and although the game has been played for a good many years the rules have not changed. The whole subject will continue to be regarded as a game until such time as the rules are changed.

I listened to the hon. member for Rosetown-Biggar, who made practically all the criticism that could be made of the budget in the light of our amendment. It may not be a bad idea, in view of the fact that there has been a two weeks lapse of time, to put our amendment on the record again at this time as a guide to those who may read *Hansard,* in order that they may know to what the debate relates.

The section of the amendment that we added to the Conservative amendment reads as follows:

> That the amendment be amended by inserting therein immediately after the words "United States interest" the following words:
>
> "that it has failed to reduce the burden of sales and income taxes on those in the lower income groups, while continuing to favour privileged interests and those with unearned incomes by maintaining the 20 per cent dividend tax credit and by refusing to impose a tax on capital gains".

During the course of this session we have had several discussions on resolutions and other matters which have come before the house, which have enabled most hon. members to place their economic and financial views on record. I have taken the opportunity of doing so on a couple of occasions during the session with respect to the part of the country from which I come. At this time, however, I shall endeavour to stick as close as possible in what I have to say to the subject of the budget.

We deplore the fact that there has not been any tax relief in the low income brackets. The amendment of the hon. member for Rosetown-Biggar made our point quite clear and I want to reiterate what he said, because I agree with him. He said that in so far as he was

concerned, if there were no tax relief given at all; if the money realized by continuing the tax structure as it is were applied to the establishment of a national health program which would bring medical aid right across the country to the hundreds of thousands of people who cannot afford any, and relieve the fear and the burden of those who may need it in the future—if the money were used for that purpose, then as far as I am concerned I agree with the hon. member for Rosetown-Biggar that the tax structure should remain as it is, providing the money gathered in is used for that purpose. I think that is one of the greatest needs of this country today and one of the ways in which the average person in this country would benefit to the greatest extent.

I know that the subject of a national health program is still a controversial one in this country. I know there was not a great deal of progress made on it at the dominion-provincial conference. I know that some of the premiers, particularly in the central provinces, are still quibbling over formulas of their own, and I do not think all the people in the country understand the matter as it really is.

One of the main arguments I have heard advanced in this house, in the country and in the press particularly, over the years, is that Britain established a national health program and it does not work. It is said that it is all haywire and the doctors do not want it. That has been a line of propaganda that has been carried on all over the United States and Canada, particularly in the press, and I have heard it repeated in the house. The present British government set up a committee to make an inquiry into the administration of the national health service in Britain, as to whether it was working, whether there was waste and extravagance and whether the doctor-patient relationship had been disturbed.

Of course the present government does not believe in national health insurance to the extent that the government which established it did. When that committee was appointed, because the personnel were people who certainly were not socialists, I was of the opinion that they were appointed to try to justify the line of propaganda that was being spread about it. I have a clipping here that I took from one of the local newspapers. It sets out the fact that while that committee sat and examined the whole question thoroughly, when they brought in their report it was completely the reverse of what was expected.

I am just going to read the heading of the newspaper report I have seen about it. It says this:

> A remarkable defence and vindication of the British national health service, introduced by the Labour government, has been published by an independent official committee of inquiry. The committee describes the record of the service as "one of real achievement", denies charges of extravagance, approves the general set-up of the service, and recommends that charges to patients should be lowered rather than raised.

Then the story goes on to stress the fact that all the propaganda we have heard in the past has been just so much propaganda and that this independent committee, which reported directly to the government, completely reversed everything that was said over here about that national health program in Britain.

I hope that in the future, whether it be in Ontario, in Quebec or in Nova Scotia, when pronouncements are made on this question of a national health program, they do not still continue to drag that old red herring over the trail, of the failure of the national health program in Britain. It is anything but that. That committee report, according to this press report, completely waves aside all that propaganda.

I mention that because I think it is still a controversial issue. It has to be taken care of in this country. I believe the federal government is convinced today that the provinces, when they make their set-ups, are prepared to go ahead with a national health program. I am sure most of the members of the house realize that this is one of the most important issues in this country today. It is a way in which our people can be helped to the greatest extent. I think it would offset any tax reductions.

Another matter that I think we should stress very strongly is one that was also introduced by the hon. member for Rosetown-Biggar; that is trying to have the social security legislation in Canada and the rest of the commonwealth countries made reciprocal, if it is possible to do so. There are many people living in this country who come from different parts of the commonwealth. They receive the old age pension. If they could take that old age pension and go back and live in Australia or New Zealand or Great Britain or Ireland that pension of $40 a month, in their places of origin to which they would like to return, would mean three times the purchasing power that it means to them here in this country. Whilst it is something that would have to be worked out and thought about carefully, the time has come when much of our legislation in the social

security field should embrace all the commonwealth countries. I agree absolutely with the hon. member for Rosetown-Biggar on this particular point.

There are many little things the minister could have done to bring relief to the lower income groups. I want to mention this fact. Take the pay envelope of the average industrial worker—I do not care whether he is in the automobile, steel, or coal industry or what he is in—and look at his weekly deductions, including income tax. You will find how these weekly deductions shown on the envelope of a worker, which reduce his take-home pay considerably, are in effect a tax that is already there for certain purposes. They are charged against his wages. I have looked at some of them and worked out a kind of average. I would say that today the average industrial worker of this country is paying at least $5.35 a week in ordinary deductions for hospital plans, pension plans and that kind of thing. In addition to that, the average income tax that is paid would be approximately $10 a week.

Worked out on a yearly basis, that amounts to a tax of $735.60 a year. The average worker has his income reduced to that extent by items that are already shown on his envelope and that are just as much a tax as his income tax. He has to carry them by virtue of his employment. You may say that it is a form of insurance and that he is going to receive benefit from it at some time. Nevertheless it is a condition of employment that these obligations must be met before his take-home pay is computed. This is a group of people who argue all the time and send us resolutions to the effect that the basic exemptions should be stepped up, that a single person should get an exemption of $2,000 a year and that a married person should have his exemption raised to $3,000 a year. In view of the fact that they are already paying a tax of some $735 a year I think they are on sound ground in asking that the exemptions be raised to the levels I have already mentioned, so as to relieve them of some of the burden they are already carrying as the result of indirect taxes.

There is another item at which I think the minister should have taken a look, the matter of household appliances. When the average young couple get married today they have to buy a refrigerator, a toaster, a little electric range and so on. I believe the excise tax on such items should have been eliminated. It is quite a burden for the average young couple starting housekeeping today when you consider the cost of building a home, if you build one, and then the cost of equipping it.

Mr. Harris: Is my hon. friend talking about excise taxes?

Mr. Gillis: Sales tax and excise tax. I think these taxes should have been modified considerably. I am talking about the sales tax on household appliances.

Mr. Harris: Sales tax, not excise tax.

Mr. Gillis: I think something should have been done in that regard. I was in a home last night where a young couple are struggling to get along, and I have seen the same thing a good many times. They are both working and are trying to get a home together. They have mortgage payments to meet and they want to equip their kitchen. Take a look at what the sales tax means on the items that are required for such a kitchen.

Of course it is too late now to do anything. The budget has been prepared and presented. It is before the house. It is government policy. It is going to go through because the voters of Canada have seen to it that the government has a sufficient number of members in the house to put it through. The only effect our arguments can have is with regard to the super-budget the minister is going to bring in next time. We can provoke his thoughts with regard to cases where he should give some relief if he wants to get votes.

Mr. Rowe: An election every year would help.

Mr. Gillis: I suggest that the minister take a square look at the question of the sales tax on household appliances when he is bringing in his next budget. There is another item about which the minister and I have had a lot of correspondence. I refer to the soft drink industry. There are several small operators in my part of the country who are just struggling along on a shoestring. The difference between the taxes they are carrying and bankruptcy is just as little as that. They have been hanging on hoping the minister would remove the tax, but it has not happened.

If the minister wants to make himself popular and get a lot of miners' votes there are other taxes he could remove. We have also talked about this matter a good many times. The coal miner has to buy certain equipment that goes with his trade. He has to buy a special hat. The Minister of Fisheries will understand this because he is an old miner. The miner has to buy special shoes with steel toecaps. If he is working at the coal face he has to buy his explosives and caps, and these things run into quite a bit of money each year. The request has been made to me time and time again, and this is not the first time I have spoken about the matter in the house, that in view of the fact

that these things are part of the miner's cost of operation he should be allowed to write them off for income tax purposes. It has not happened to date though I have made the request a good many times, but it may not be a bad idea to get it in the next budget.

There is another matter I have discussed with the revenue department recently. Union dues are deductible for tax purposes. It is clearly stated in the Income Tax Act that annual union dues are deductible, but before you can become a member of most of the unions throughout the country today you have to pay an initiation fee. In some cases it is $50, in others $150, or it may be as high as $200, depending on the union. I have had many people ask me why it is not possible to charge initiation fees as a tax offset in view of the fact that annual union dues are deductible. In discussing the matter with the department that collects taxes it has been pointed out to me that the joker in the act is that annual union dues are specified. The Minister of Finance might get in touch with the Minister of National Revenue and suggest that a change should be made to allow initiation fees as a tax offset, because if it is legitimate to allow annual union dues as an offset I think it follows that it is equally right to allow initiation fees. The deduction of the initiation fee would only take place once in a lifetime, at the time the person joined the union.

Such a move would be a vote catcher. There are many young people joining unions today and having to pay $100 as an initiation fee. At the present time the money is a dead loss to them, and they consider that they should be allowed to offset it.

There is another plea I should like to make to the minister, and it concerns our blind people. I know the budget does not deal specifically with problems of this kind, but indirectly it affects government policy as to whether the relief for which we ask in different cases can be given. The blind people of this country have been sending literature to us from time to time, and I think the government should consider removing the means test from the blind pension at an early date. In the last representation I had from the blind they have this to say about the handicaps of the blind:

> In addition, a blindness allowance free from the means test would provide a basic security, and so would be a source of encouragement and lead the blind to greater productivity and higher income. As it is, the means test holds back the allowance recipient from his full earning capacity lest his income forfeit his allowance and yet not be sufficient to provide a livelihood in its own right. Moreover, the means test only adds to the frustration and fear confronting the newly blind, who meet their handicap in adult life. It undermines ambition and retards the rehabilitation process. A blindness allowance free from the restricting means test can be a positive restoration of self-confidence.
>
> No income tax is levied against a single sighted man whose earnings are less than $1,000 a year, or against a married man under $2,000. Yet, because of the means test, the single sightless worker may not have more than $840 or the married man more than $1,320.

I think their argument is absolutely sound. If these people, with the handicap they have and receiving the blind pension of $40 a month, have the courage to go out and tackle the world, sell brooms, sell pencils or run canteens and thus earn something on the side for themselves, I do not think they should be penalized by the loss of what I consider a disability pension rather than a means of livelihood.

During the course of this and other debates in the house I have listened to members comment from time to time on the group with which I sit and the movement I represent. They have used some pretty loose language in the interpretation of the policy and program of the C.C.F. party. But I have noticed that the only authority they had for the interpretation they made was that free enterprise was a wonderful thing; that it had saved the world, the sun and the moon, and that anyone who came into the picture with a little different opinion did not have any right to exist. They pick up a copy of the *Globe and Mail* or a copy of the Montreal *Gazette* or of some other newspaper, read an editorial from it and say, "That is what they stand for".

I sat here and heard it from the other side of the house, and from this side, during this session. I therefore thought it would not be a bad idea if during the course of this session some time somebody dug up an authoritative statement by someone who is in the C.C.F. movement and who has some responsibility. If I want to get an opinion on a point of law I go and see a lawyer about it; or if I am sick I go and see a doctor. At least he is qualified to make a diagnosis of the particular problem on which I may be questioning him. I certainly will not go to an ultra free-enterpriser in order to get an interpretation of what the C.C.F. program may be.

I thought I knew the C.C.F. policy and program fairly well, but during the course of the debates to which I listened I began to wonder whether over the last nine or ten years they had changed to the extent that these arguments would lead you to believe. I therefore went back into my archives and I looked up some authorities. In getting us an interpretation of what the C.C.F. program and policy really mean, I figured that the best authority I could find in Canada would be someone who has been with the movement,

who has responsibility in the movement and who has some responsibility to the public.

The best man I could find was the present premier of Saskatchewan, Tommy Douglas. When he made this statement he had been premier of Saskatchewan for some five years. He is premier of a province in which he was elected on the C.C.F. ticket. He has been administering a C.C.F. program for five years, and he is giving to the people who elected him an account of his stewardship on this particular point of what the C.C.F. means. I think he should know as much about it as the editor of the *Globe and Mail*, the editor of the Ottawa *Journal* or anyone else, because to my mind he exemplifies what I thought the C.C.F. was and he is doing that kind of job.

I have heard thrown at us the statement that the C.C.F. will socialize your second pair of shoes, that the government are socialists in silk hats because they support the C.B.C., which is a monopoly, and the T.C.A., which is a monopoly. Someone over here said he would rather have a private monopoly than a government monopoly. I do not think there is much difference. There is only one corner of our community in this country where I can see any monopoly, and that is in this corner of so-called competitive free enterprise which does not exist. There is no such animal in this world any longer. If there were, there would not be the need for groups such as mine and such as we have to the left of us here.

Mr. Blackmore: Social Credit.

Mr. Gillis: We hear of this business of free enterprise. It is not free any longer, and it is not enterprise. The man who is trying to get a living in this world from a small business has a hard row to hoe. I therefore asked myself the question, have we slipped to the point where we are going to do all the things that we are accused of, or have the program and policy got into such a mess today that nobody knows where he stands?

Hence I went back and thought I would get an interpretation from Tommy Douglas. Many of us in this house know him. We have complete faith in his honesty and integrity. The people of Saskatchewan certainly think a great deal of him. He said this in 1949, and that program has not changed one iota. I should just like to put it on the record for the purpose of keeping the record straight, as I did with this inquiry by the British government into the validity of the national health program in that country. It is official. When you talk about socialism in the loose and illiterate way that a great many people talk about it, and when you consider the many types of socialism there are and have been in the world, I think it is nearly time that we in this group put back on the record exactly what we mean when we say we would do certain things to protect the public with regard to much of the monopoly control that exists today, not through the government but outside of it.

I will take extracts from this talk on the subject of where we stand with regard to the organization of the economy of this country. I am going to quote Tommy Douglas on that subject, and I might say that I do so with approval. I agree 100 per cent with what he says here. It has always been my conception of this movement. He says:

> There are three different types of ownership in which we believe—

That has been the discussion, ownership.

> —private ownership, co-operative ownership and public ownership, and each of these may again be subdivided, as I will explain later.
>
> Let us take private ownership first, for under a C.C.F. government private ownership will always compose the greater part of our economy. It was largely because of the loss of private ownership of our farms and our homes and small businesses through the growth of monopoly and the control of credit that the C.C.F. was first organized—organized to get ownership back, not to destroy it. Private ownership can be divided roughly into two classes, individual ownership, and partnership or company ownership. In this field would come your home, your farm, retail businesses, secondary industries, services industries, except transportation and communications, and a host of others. As a matter of fact we believe that with increased production and better distribution made possible by a balanced economy we would have more, not less, private ownership. You have only to look around you at the stores in any town of over 1,000 population and see the numbers of them that are chain-operated or controlled to see what is happening in our economy today. The small businessman in retail, processing and manufacturing is being ruthlessly pushed aside, and this is becoming more apparent as supply catches up with demand and business becomes more competitive.

That was written in 1949. You can see that he was not far out, when you consider that last year in this province alone, according to reports, there were some 6,000 small business failures. These failures were in your local grocery set-ups, where the Loblaw stores and the A & P stores and such people come in and do the kind of business financing with which the small operator cannot compete. Mr. Douglas goes on further and says this:

> Don't let anyone tell you therefore that the C.C.F. does not believe in private ownership. We do. As a matter of fact the greatest enemies of private ownership today are the monopolies who are condemning the C.C.F. They distract your attention by weird tales and misrepresentation of C.C.F. policy while they blackjack you and send you to the receivers.

He is talking to the small businessman. Anyone who knows Tommy Douglas knows that is his language. He continues:

> Co-operative ownership is the second type of ownership in which the C.C.F. believes. It operates

in both the producer and consumer fields. In both of these fields it creates the necessary competitive factors to assure efficient and reasonable service. It retains in the community the largest possible amount of the wealth created by the community. It creates and stimulates the ability for self-help and self-reliance in solving the economic problems facing the individual in a free society. It is a training ground for leadership in the community and is a most effective weapon in fighting the growth of monopoly control. The growth of the co-operative movement in every part of the world has coincided with the development of the social democratic movements in the same areas. The one creates the economic freedom and intelligent group self-interest which is essential to the growth of the other. Co-operative ownership means a wider and more democratic distribution of ownership which is the objective of democratic socialism.

Finally, the C.C.F. believe in public ownership. This is again divided into three fields—municipal, provincial and federal, each having its own place. It is not now, and never has been, the intention of the C.C.F. to centralize all public ownership under the federal government. It would be equally as foolish for the federal government to take over ownership of the transportation systems of Toronto or Regina as it would be for those cities to own and operate the Canadian National or Canadian Pacific Railway within their boundaries. Public ownership has been proven a success in many fields and is being expanded today by even the capitalist government of the U.S.A. Even they recognize that complete private ownership in certain fields carries with it powers which they dare not leave in private hands. The Catholic Archbishop of Australia in 1949 issued a statement condemning total socialization, but stating, and I quote "the church recognizes that, under present conditions, there are certain forms of enterprise and industry which are of quite extraordinary importance to the community and which may legitimately come under public control. Among these are banking and insurance, the manufacture of steel and heavy chemicals, rail, sea and air transport, public utility services (electricity, gas, tramways) and armaments". This list goes even further than the proposals of the C.C.F. platform.

There are, however, two forms of ownership to which the C.C.F. is unalterably opposed. The first is complete state ownership as advocated and practised by communism, and the other is monopoly and cartel ownership as developed under capitalism. We agree wholeheartedly with the council of the Christian churches in their statement issued in Amsterdam in 1949, when they stated that "the idealogies of communism and of laissez-faire capitalism are equally wrong".

I could go on, but I know my time is running out.

Mr. Carrick: Would the hon. member permit a question?

Mr. Gillis: Yes.

Mr. Carrick: The question is this. Do you consider the statement of Mr. Douglas is identical with or different from the statement of C.C.F. policy in the Regina manifesto which says that the C.C.F. will not rest until capitalism has been eradicated?

Mr. Sinclair: Let us have a good answer to that one.

[Mr. Gillis.]

Mr. Gillis: I can give a good answer. If the hon. member is just reading the *Globe and Mail* editorials—

Mr. Sinclair: He is reading the Regina manifesto, the final paragraph.

Mr. Gillis: I hope, Mr. Speaker, you will note that my time is being taken up.

Mr. Sinclair: We will give you lots of time to explain that. We do not want Tommy Douglas, we want the Regina manifesto.

Mr. Coldwell: Where is the Liberal platform of 1919; health insurance?

Mr. Argue: What about health insurance?

Mr. Sinclair: Let us get back to the Regina manifesto, not Tommy Douglas.

Mr. Gillis: Mr. Speaker, will you tell the Minister of Fisheries to keep quiet?

Mr. Sinclair: Let us have an answer.

Mr. Gillis: I am going to, but you will not let me answer. I want to answer the hon. member who asked that question. In my judgment the statement I have just read, emanating from the premier of Saskatchewan in 1949, is 100 per cent in accord with the Regina manifesto. I make that statement without any equivocation or mental reservations. I would remind the Minister of Fisheries and the hon. member who asked that question of this. No political party in this country or any country can write a social program and measure it in terms of days or years. When you are talking about a social program, as the Regina manifesto was back in 1932, you are merely stating an objective, the emphasis on which would change from time to time depending on conditions in the country. There is no finality to it. Neither your party nor this party or any other party can sit down and write a program today that you will not have to vary and change, but leaving your main objective the same.

Yes, the main objective of the C.C.F. is to eliminate—

Mr. Sinclair: To kill socialism.

Mr. Gillis: —private control that is exercised over the lives of the people of this country by people behind the scenes who are not responsible to government. In every discussion I have heard in the house in the last several days I have heard Conservatives bemoan the fact that our resources are getting into the hands of private capitalists in the United States who have no social, economic or other responsibility to this country. It is that kind of thing that this movement aims at replacing.

The Acting Speaker (Mr. Applewhaite): I am sorry to have to interrupt the hon. gentleman, but I should point out to him that his time actually expired three minutes ago.

Mr. Sinclair: As one who is involved in this, may I ask the hon. member if his last apology means that the C.C.F. now repudiates the last paragraph of the Regina manifesto?

Mr. Argue: Tell us about 1919.

Mr. Gillis: There was no apology. It was a reaffirmation of our faith in the Regina manifesto.

(Translation):

Mr. Lionel Bertrand (Terrebonne): Mr. Speaker, every time I have spoken in the house I have done so to give my views on matters of public interest and, for the past sixteen years I have tried to reflect here the opinions of my electors. If there is one matter which deeply interests them at present, and about which they send me numerous requests for information, it is that of health insurance, of hospital insurance.

Throughout my public life I have been a supporter of social security. Early in life I had to work and assume responsibilities; my family bravely faced situations which would not have existed if, in those days, there had been beneficial social legislation like that which is in force today. I have therefore considered it my duty to champion the cause of the lowly, the hard worker and the needy. The people of Canada do not want humiliating public charity, but rather legislation that would enable underprivileged citizens in this rich and prosperous country to get their share of welfare and security.

I am happy to underline here the vast accomplishments of the Liberal party to which I belong, and which was successfully led by Mr. Mackenzie King until 1948 and which has been led with no less success since by the Right Hon. Mr. St. Laurent. Even opponents have to recognize that the Liberal party, which has governed the destinies of our country without interruption since 1935, has always enjoyed the confidence of the Canadian people; it has enjoyed that confidence during the worst period of the war and it came out of it with an even greater prestige than before. Today it still enjoys that confidence. The social legislation enacted by our party has been the envy of other countries and has helped to create in Canada an atmosphere of welfare that has become indispensable.

Nobody would like to see family allowances stopped; the government that enacted that legislation made a generous gesture and the people cannot forget it. If it did not exist, we would have to enact it. That legislation has been greatly beneficial to our people; it has satisfied a human desire for protection and provided help for the family. In the last few years, several requests have been made asking that the allowances be doubled, without increasing taxes. In my opinion, such a request was improperly put forward. I have often said and I still contend that although I am in favour of increasing family allowances, I do not see how it could be done without increasing one way or another governmental expenses and, therefore, the taxes which we have to pay.

I believe, and I have often said so in my constituency and in the house, that the family allowances act should be revised. It was enacted nearly eleven years ago. By virtue of that legislation, the government has spent several million dollars, but that money has not been wasted. It has contributed to the health and the progress of the nation. Those dollars have provided better food, better care, better clothes and a better education for thousands of children. The family allowances cheque, which comes at the same time, on the same day of each month, which is paid without political partisanship and used to good purpose has contributed and still contributes to create an atmosphere of family satisfaction which honours our country. During the past eleven years, the cost of living has greatly increased. I believe that the time may have come to revise the act, to set new rates that would take into account the cost of living. The Department of National Health and Welfare would be well advised to study the matter. In adjusting the act to present conditions, it would answer the general wishes of the people.

By providing good food and a good education to our young citizens we are doing an act of liberation. Children truly represent the future. If our children are healthy, our future will be prosperous; if our children are well educated and understand their religious, civil and patriotic duties, our future will be assured. Money invested by Canada to educate our citizens of tomorrow is not lost. It is an asset which enhances the undeniable prestige of our country.

Mr. Speaker, I put on the order paper of the house a motion which has not been debated but which deals more particularly with the blind. I have always taken an interest in them, and I know the work done by their associations, especially the Société amicale des aveugles, in which I am particularly interested. In my opinion, the blind should not be subjected to a means test; they should be granted the maximum pension without any restriction whatsoever. True, last year the age requirements were lowered and the maximum income permitted was increased, but that does not seem to be sufficient. Few blind people in Canada have an income sufficient to provide for themselves, and the majority are unable to cope with the monthly allowance they receive unless they do some other work to supplement their income. I recently said in a speech in this house:

> The blind are not deprived of all their producing capacities, but these capacities are deadened or reduced to nothing. If you want the blind to take on some productive job, you have to make them financially secure. The psychological fear of not being able to keep up their jobs because they might lose their pension if they kept on working adds to their anguish.

I have not changed my mind. In the case of the blind, one must stimulate and not destroy their human ideal. The elimination of the means test would guarantee their financial security as, by the very nature of things, blindness entails expenses which people with normal vision are spared: higher cost of living, guide services, additional maintenance costs, more adequate medical care, poor health, etc. Blindness calls for many extra expenses. It is for that reason that quite a substantial number of blind people in the province of Quebec do not get the pension. The husband or wife is working, since the maximum income fixed by law, even with a full pension, is not always adequate for the maintenance of the home. Therefore, in many cases, the blind person lives outside the home in order to receive full pension, leaving to the spouse the responsibility of working and raising the family. To raise the family and social standard as well as the dignity of the blind, it is essential that the blind do not have to suffer an inferiority complex throughout the year. The blind person lives in darkness; in many ways, his existence is complicated; he worries and loses patience, he feels lonesome and forsaken. The elimination of the means test would open new perspectives to him; he would find a new reason to work, to adapt himself to circumstances and thus, being less worried, be in a better position to provide for the education of his children and the maintenance of his family.

I wish to say a word about disability allowances; no one should blame me for a few remarks on this subject since I have advocated this pension many years before the legislation on this matter was put on our statute books.

The provinces have accepted the act, although reluctantly in some cases. The regulations have been approved following discussions between representatives of the federal government and of the provinces. Some 30,000 people now get the disability pension in Canada, which is much less than the 50,000 and more which had been estimated at one time. Personally I think that the act is too rigid, and a great many cases which have been called to my attention after the applications had been rejected have brought home to me that it is so. Many of these applications have been submitted anew, and they have been granted favourable consideration.

I do not think this legislation should be for the dying; it should become more flexible. We could consider as invalids a large number of people who, though they may not be forced to remain constantly in bed or in a chair are prevented, through some infirmity or other, from earning their living or are constantly refused on the labour market, even though they may have the use of their hands or feet. A number of applications which seemed worthy of consideration have apparently been refused. The lack of latitude provided for in the regulations would seem to be directly responsible for this. Would it not be well to call for a study of these applications which have been turned down in order to see whether or not the present regulations could be changed so as to make the legislation really efficient and to achieve the desired purpose?

Mr. Speaker, I would like to say to the government that the constituency of Terrebonne, which I represent in this house, supports a national health insurance plan and that my constituents are anxious for it to be quickly implemented. The comments which I have heard and the views which I have had the opportunity of ascertaining are quite indicative of the opinion of the people on this subject. If my constituents entertain such definite views on this matter, I doubt whether things are at all different in other constituen-

cies. It must be recognized that, for our working people, insecurity is the worst worry of all. There is nothing like idleness to wipe out in a few weeks savings which have been acquired after long and arduous effort, and to turn a prosperous home into one beset with financial difficulties or even with real want. These views of my constituents are all the more welcome to me because ever since I have been in public life I have never ceased to demand legislation which would ensure our working people the help of the nation in case of illness or confinement to a hospital.

I do feel also that most people in Canada favour a national health insurance plan and that the decision of the government to go ahead in this matter has been highly appreciated. I would even go further. The people of this country would not forgive the government if it were to stop halfway now, no more than it would forgive delay in completing the present program of social security by this beneficent legislation. And I would add that this question is so close to the heart of the people and appears so essential to them now that provincial governments refusing to co-operate may be judged severely by their constituents.

It is becoming impossible for the low income group to face the excessive costs of hospitalization. I realize that a hospital, like a hotel, must ask rates which often appear prohibitive, in order to meet their costs of management, but it is none the less undeniable that medical and hospital costs are excessively high. Dr. Jean Gregoire, deputy minister of health in the province of Quebec, did not hesitate to say a few months ago that 80 per cent of the people of Quebec—and I presume that such is the case elsewhere—cannot meet hospitalization expenses when they are sick. No doubt, there are many Canadians who are protected at this time against medical and hospital costs, either by subscribing to a private hospitalization plan or because their employers have adopted a group insurance plan which protects them, together with their dependents. There remains, however, a great number of Canadians—possibly more than 50 per cent of them—especially in the working and low income classes, who have no protection at all. It may be because their trade does not permit it, or because their employers are opposed to it or never thought of it, or because their salary does not allow them to join a private insurance plan. If their income is not sufficient to permit them to seek preventive medicine, all the more reason for their being unable to face hospitalization costs. These people, I should point out, even when sick, will wait to the last minute before seeing the doctor, because of the very inadequacy of their income. They will conceal their ailment and suffer in silence, seeking relief from sedatives and old wives' remedies.

When the time comes for them to be hospitalized, they will not only be unable to regain their health but they will have to bear the handicap of impaired health. That point of view should be kept in mind by those organizations which, in their annual briefs or in their periodical suggestions to governments, will not come out clearly for or against the health insurance scheme but which say that we must be careful and proceed slowly, under the barely concealed pretext that taxes might go up.

On the other hand, many welfare and labour organizations are asking for that social security measure, and if the price comes high —which nobody will deny—they say that if we can, and rightly so, spend huge amounts of money to protect ourselves against outside dangers, against war and even to prevent war, it is up to the government to build a large social security system in order to suppress as much as possible social evils, to do away with distress which comes from ill-health, and to give Canadians, in these times of anxiety, the benefit of security and the priceless advantages of good health. The English writer and statesman Benjamin Disraeli said on that score:

> The health of the people is really the foundation upon which all their happiness and all their powers as a state depend.

Our country is not backward in the public health field. Under the constitution, public health comes under provincial jurisdiction; but, eight years ago, the federal government embarked upon a national health program for the sole reason that the provinces alone could scarcely establish a uniform system and that it seemed necessary therefore, without depriving them of their autonomy, to co-operate with them on a national level so as to give greater efficiency to all freely taken joint decisions. Thousands of beds have been put at the hospitals' disposal; from year to year, medical research has gained in importance, public courses have been initiated, groups have been formed with the help of the various governments, and great progress has been

made in the fight against tuberculosis, cancer, mental illness and other ills that plague humanity. And—I am stressing this without fear of contradiction—never has the country had a better minister to carry out all these plans in the field of social security, i.e. family allowances, old age pensions, pensions for the blind, and for the disabled, than the present Minister of National Health and Welfare (Mr. Martin). I am therefore happy to pay a deserved tribute, not only to his personal talent, but also to his devotion for his cherished cause of public health, to his remarkable and well known industry, and to his very clear comprehension of all problems under his departmental jurisdiction.

I am among those who hope that he will be able to carry out the health insurance scheme. This is a vast project indeed, but his devotion measures up to it. I know he understands the importance of this scheme, and that he wants to help all Canadians, and more particularly the small wage earner.

The small wage earner is the man who, in order to live and support his wife and children, has to count on each day's work, who cannot afford to be ill for, whenever he is, hardship immediately befalls his home. The small wage earner is the one who never achieves wealth and who, at the end of his days, after toiling for forty years, has painstakingly put aside only a few hundred dollars to cope with unforeseen expenses of sickness and old age. The small wage earner who, during his lifetime, has been able to escape, with his wife and family, surgical and hospital bills which are always heavy will be, among his kind, a very lucky man indeed. Many of these people come to my office and show me unpaid hospital bills. They are people who, over and above their daily cares, always feel tortured by the same bills which will keep on piling up. Hospitals want to be paid; they cannot carry on unless they are. Are patients always able to pay? That is the question. Health insurance will be beneficial both to our citizens, who have to cope with sickness and to the hospitals whose progress will thus be ensured.

The small wage earner is the one who, week after week, sees his tax deducted from his pay cheque, and, though sometimes grudgingly, is nevertheless willing to do his share in the administration of the country. And when he makes out his annual income tax return, what is he allowed to deduct? A few dollars as charitable donations, a portion, always insignificant, of his medical expenses. On the other hand, the industrialist, the merchant, the businessman, owing precisely to their business, have an expense account where they can enter so many indirect expenses, the legal facility of providing themselves with leisure and amenities, and to bestow on their families benefits squarely denied the low income class. Thus, health insurance would create a new balance through which the well to do would lose nothing of their benefits, while the poor and the humble would get their share of security. The happiness of the lower class is made of peace of mind and heart. You cannot have one without the other. Let us not forget that the heaviest damage to health is not caused by work, because sixty year old workers, who have worked very hard all their lives, still go to work early every morning. The things that are harmful to health, that undermine and destroy it, are moral and financial worries. Just go down to the miserable classes of society, and you will see what it is all about. The low income worker will understand that, even though he has to contribute his share to the establishment of a health insurance plan, he no longer will have, when misfortune strikes him, the awful shame of having to tell his doctor or the hospital officials that he is unable to pay, of having to be endlessly hurt in his feelings, and of having thereafter, because of accumulated debts, to live in discouragement, and sometimes on the brink of despair. We, the lucky ones, must keep aware of the fact that, close to our home there are slums, and people who, through lack of money, have never paid a visit to their native province or country and who will never go to Florida, and we must convince ourselves, when we criticize a poor home with a television set, that the poor ones too must have their moments of enjoyment. In these times of easy life, when sports are draining so much money, when the attraction for travel increases from year to year, when luxurious restaurants are crowded with customers who do not care for the amount of the bill, when in grills and bars we pay as much as one dollar for a glass of scotch or rye, I will never tolerate that those with an easy life should be the first to criticize or to refuse to pay a few additional dollars in taxes in order to maintain and develop our social security plan.

(*Text*):

The Acting Speaker (Mr. Applewhaite): It being six o'clock I do leave the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

(*Translation*):

Mr. Bertrand: Before the house adjourned at six o'clock I was speaking of health insur-

ance. I would like to repeat one sentence I said at that time.

We, who are more favoured, should take note of the fact that next to us there are slums, that there are people who, through lack of money, have never visited their province, or their country, who will never see Florida; before criticizing the poor people who own television sets, we should stop and think that those poor people are also entitled to a few moments of happiness. In this period of easy living, where sports drain so much money, where the thirst of travelling increases from year to year, where luxury dining rooms are overcrowded with customers who do not worry how much the bill will be, where people have to pay as much as one dollar for a glass of scotch or rye in grills or bars, I will never admit that those who are better off are the first to criticize or to refuse to pay a few more dollars in taxes for the maintenance and the development of our social security program.

To maintain a social security program and, if need be, to improve it, is to destroy communism. Has communism ever been associated with a high level of production, attractive salaries and a high standard of living? Does communism make any headway in countries where the government is concerned with the lot of the working class and of people of modest means and takes care of the needy, the sick, the destitute and the poor? Has communism any chance to grow in a country where social legislation protects the people against the hazards of life and ensures the welfare of the needy? No one who is sincere would refuse to pay a few dollars a year in taxes in order that the government may enact a social legislation which is not only helping the population but ensures internal peace to a country like ours.

Personally, I would be willing to pay more taxes if necessary for the implementation of a health insurance program. There is no need to throw everything upside down nor to establish state medicine.

It is not a matter of preventing the family from choosing its own physician. Nor is it a matter of controlling the hospitals or the organizations which are in charge of them. The autonomy of the provinces can and must be respected. The federal government is willing to pay half the costs of such a health insurance plan. True, if it does need the approval of six provinces to go ahead, I hope that it wins it as quickly as possible and that the province of Quebec will be among those six.

However, should this national health insurance plan meet with too many difficulties, should the provinces refuse to enter into it for a number of reasons into which I need not go, I still think that the government should not close this case it has opened in the interest of the whole country. It should put the question to the voters at the next election or, should circumstances become pressing, ask for a referendum so as to settle the matter once and for all.

Mr. Speaker, our social security program makes our people happy. The people know that they owe it to the party to which I belong. This program cannot and must not be tinted by politics. It is not and that is to the credit of all of us representing the people here. If old age pensions did not exist today on a national scale for people of 70, how many people and how many homes would be in difficulty. The amount of $40 a month was a boon to public health. It helps and continues to help old people to get better treatment and, by casting off financial worries, it enables a great many people to live longer and to await in serenity the inevitable twilight. The thing that must prevail now is a feeling of security, the certainty of that security. By spending annually enormous amounts of money for NATO and the protection of its territory, our country gives us that certainty. That feeling of security must also be felt in every home and be solidly anchored in the heart of every Canadian. Health insurance must become one of the foremost concerns of this government and also of parliament. In this as in other fields, I know, the government will not fail and it is our duty, in this parliament, to support the government.

(*Text*):

Mr. G. W. Montgomery (Victoria-Carleton): Mr. Speaker, in taking part in this debate I should like to speak to two items in particular, but first I should like to make a few comments.

The budget held no surprises for me except the discriminatory tax imposed on a few United States magazines. This has been very ably dealt with by the hon. member for Calgary South, himself a publisher of Canadian trade journals and one who, I believe, can speak with authority. It has also been dealt with by other speakers. So I shall have nothing further to say on that.

As regards agriculture and the farmers, I find nothing substantially new that will help this particular industry. There are some changes in the tariff items which may clarify some former rulings, but in general there is nothing I can see that will give any great uplift to our farmers, or assure them of any relief from the price-cost squeeze, or enable them to obtain a greater share of the consumer's dollar.

Among certain tariff items referred to the tariff board during the past year was that of potatoes. Whilst no definite action has been taken, I was interested in the minister's announcement that he hoped to be able to make a statement in the very near future in connection with that particular item. I trust that this will be a statement of policy that will be satisfactory to the producers. There are a great many growers of potatoes in my constituency, and this is a product that greatly affects the economy of my province, as it is one of the largest cash crops produced in New Brunswick.

The minister also announced that he was not recommending any reduction in the general level of the income tax, but that there would be some minor changes in certain provisions and such contemplated changes would be announced when the amending bill was brought in. Again I trust that among those changes he has in mind will be one restoring to section 42 of the Income Tax Act the true intent, meaning and spirit which I am sure members of this parliament had in mind when those sections were amended a few years ago; that is, the sections applying to farmers and fishermen. It is a well-known fact that the incomes of farmers and fishermen fluctuate greatly from year to year, and the legislation was an attempt, in my opinion, to deal equitably with individuals in these occupations.

This has particular application to farmers in my province, whose chief crop is potatoes. In some years their income is fairly good. In fact in some instances it is quite large, owing to good yields, high prices, selling at the right time and many other factors. However, in other years—and unfortunately we have a good many of the other years—owing to adverse weather conditions, poor yields and low prices, the incomes of the farmers are not good. In fact it is not uncommon for many of them to have losses, and they are lucky if they break even.

This is all due to factors over which the farmer really has no control. This legislation to which I refer was designed to give the farmer and fisherman some remedy in combating such uncontrollable circumstances. Section 42 was intended to permit farmers whose chief source of income was their farming operations to average their income over a period of five years if they elected to do so. In other words the farmer or fisherman was permitted to select any five-year period. He must not use the same years in different periods, but if he has selected a five-year period the interpretation of the section seems to be clear that he is not required to file a return or to pay a tax within that period.

[Mr. Montgomery.]

That interpretation was upheld by Mr. W. C. Fisher, Q.C., of the income tax appeal board in the case of Topham *v.* The Minister of National Revenue. It seems to me there is no way of telling whether the farmer has any income tax to pay until the end of the five-year period. He may have a very good income in one or two of the years, but I think it was the intention of parliament when it passed the legislation to give the farmer and the fisherman the opportunity of waiting until the end of the selected period. Then if he was taxable he would have the right to average his tax over that period and pay it at that time.

However, the Department of National Revenue did not agree with Mr. Fisher. The department appealed the decision. The case went to the exchequer court and the decision was reversed. The reversal, if I understand the situation, was made on the basis of the interpretation placed upon section 44 of the act. You are all familiar with that section of the act. It provides that in so far as an individual is concerned he must file an income tax return for any year in which he is taxable, and he must pay his tax. This must be done within a certain period which is laid down in the section. The minister is also supposed to prescribe the form to be filed and the information which he requires. Under subsection 2 of section 44 the minister may call upon a person to file a return within a certain period, whether or not they are taxable, and if they do not do so they are liable to the penalties provided in section 55.

I am not going to criticize the decision of the exchequer court because I understand just as well as anyone that lawyers and judges differ in their opinions on interpretation, but I want to bring this point to the attention of the minister and the government. Under the ruling of the exchequer court farmers and fishermen have lost the right which I believe parliament intended to give them in order to correct the situation that the legislation was intended to correct. Under this ruling a farmer must file a return in any year in which he thinks he has made enough money to be taxable, and he must pay the tax. If he does not file the return and pay his tax he is subject to the penalties under section 55.

It works out in this way. Suppose the farmer has a good year in the second year of the period he has selected and his income is taxable. Under the present interpretation he must file a return for that year and must pay his tax on the basis of that year alone. But at the end of three more years, which would be the end of his period, is the only time at which it can be determined by either the farmer or the income tax department whether

or not he has any tax to pay, and I claim that when the farmer is forced to file a return and pay tax in the second year he is penalized because he is deprived of certain money for the next three years, if at the end of the period he finds he has no taxable income for the whole period which he has selected. Second, the farmer is subject to the penalties of section 55.

I submit that this situation is working hardship on the farmer, and I bring the matter to the attention of the minister and the government because I believe sincerely that parliament passed the legislation with the intention of providing a remedy for people with fluctuating incomes who may have one good year, two good years and three bad years, so they could average their income over the period and if they had no taxable income for the period they would then have no tax to pay.

I think that was what parliament intended, and I believe that intention has been frustrated by the decision of the court in the same way that other intentions with respect to the act have been frustrated. I believe the minister referred to that in his budget speech. It may be that I am premature in my remarks, but I hope the minister has in mind bringing in an amendment to remedy the situation, because I believe the amendment to section 42 has been affected by the changed interpretation of section 44, which says that every individual who is taxable in a given year must file a form. Inasmuch as the amendment to section 42 provided a five-year period instead of one year, and because there is no definite way of finding out whether or not a man is taxable until the end of the selected five-year period, I contend that section 44 does not apply.

At the present time the farmer is being penalized, and I suppose the fisherman too. I am more interested in the farmers, and I would certainly ask the minister to give the matter thorough study. I should like to see an amendment introduced which will fully restore the original purpose of section 42 and the amendment thereto, in order that farmers will not be severely penalized and to carry out the intention of parliament. Otherwise I do not see much use in having the amendment.

As a matter of fact, I see nothing in the act which directs the government to return to the farmer any money he has paid during the period if it turns out at the end of the period that he is not taxable. He may have paid a small amount during the period but when his income is averaged the result may be that he has overpaid. I know the department has always been very prompt in making adjustments of that nature; nevertheless the man is without his money for one, two, three or maybe four years.

The other particular point in connection with the budget on which I should like to dwell for a few minutes is the question of federal-provincial relations. The minister devoted a good part of his address to this subject. He enumerated in a general way the proposals submitted by the federal government to the provinces. He went on to say that under the circumstances the federal government believed that the proposals were eminently fair, reasonable and realistic. He went to quite some length in explaining to hon. members that no province would receive less than it had received under the tax rental agreements.

In my opinion, Mr. Speaker, these proposals are certainly not in line with what the provinces have a right to expect or with what they had a right to assume was the intention of the Prime Minister in his letter of January, 1955, when he informed the provinces that the government had no intention of abandoning the objective of the tax rental agreements, which was to make it financially possible for all the provinces, whatever their tax base, to perform their constitutional functions and to provide a reasonable level of provincial services without abnormal burdens of taxation. Unfortunately I think the proposals do not achieve this principle, especially for those provinces with a limited tax base such as that which we have in the maritime provinces. Mr. Speaker, it is through no fault of their own that those provinces have not a wider base of taxation.

One of the provincial services that must or should be maintained on a basis of equality throughout this country is education. It costs just as much to erect buildings and provide equipment and other facilities in the maritime provinces as it costs anywhere else. But what do we find? The average cost of education in Canada runs approximately 2·225 per cent of the total Canadian national income but in my own province it would run something like 4·329 per cent of the total income of the people of the province, or almost double.

It might be interesting to some hon. members if I just mention how narrow our tax base is, or the burden of taxation in relation to education in my province; and I think our system is pretty much the same throughout the maritimes. For education alone the municipalities have to pay something like 40 to 45 per cent. How is it done? We have what we call a poll tax. That poll tax is levied on every male person between the ages of 21 and 60, with very few exceptions, and it may run from $3 to as high as $10. That tax is levied

regardless of what property a person has, just because he is a male person.

But that is not all. By the way, that tax is for the administration of justice, the hospitalization of the poor, general administration and the services the municipality gives to its citizens. But in addition to that there is another poll tax for educational purposes by which we must raise one-fifth of our share of the operational expenses of education, up to and including the high schools. That poll tax runs anywhere from $5 to $15 and possibly more in some places. And that is not all. Under the system adopted in our province some 10 years ago we also have certain districts getting together, called regional districts, where they build a special school called a regional school and provide not only the ordinary academic courses in education but also a fairly full course of vocational training and sometimes primary agricultural courses. About 40 per cent of the cost of these buildings has to be borne by the district concerned. One-fifth of the cost of the buildings of that district has to be raised by another poll tax, and that poll tax we find runs anywhere from approximately $5 to $20. It will average possibly $18. So the individual has three poll taxes to pay.

In addition to that, every individual man or woman who owns any personal property—that is a car, livestock or any kind of personal property; anything except money or securities—is assessed on its value and the rate is fixed just as the rate is fixed on real estate, and he or she must pay that tax. If people have a truck or a car or things like that they must pay that tax. In addition, of course, we have to pay our tax on real estate the same as people everywhere else. I am speaking of rural districts and small towns such as I have in my constituency. That situation exists all over New Brunswick and I think quite generally in the maritimes. Our real estate is assessed. I have checked up on the matter and in comparison with Ontario, percentage-wise on the actual value of our real estate, I think we pay higher taxes than are paid in the province of Ontario. I suppose the same comparison would apply with respect to other provinces.

You have that picture, and you can see what a narrow tax base we have. What have we left to tax? In the province of Ontario—I do not know about some of the other provinces—the municipality does not assess anything but real estate. There is no poll tax to pay. There is no personal property tax to pay. You just pay on your real estate, and the mill rate is no greater than ours down there. In some places it is less. I think this is a picture which is possibly overlooked.

[Mr. Montgomery.]

Our tax base or whatever you want to call it is limited and our burden is heavy.

Yet with all this taxation, we have not the educational facilities and privileges that are supplied in some of the other provinces. I have mentioned the municipality but the province has to make up the balance, some 60 per cent of the cost; and it is done by grants to teachers on their salaries, grants to the municipality, grants to the school district that builds these schools, grants for transportation of the children and grants for general administration and the running of the schools. This cost is still going up. What has the province left to tax? When the municipality has been assessing the individual there is not much left to the province on which to levy a heavy tax.

In addition to all this you must remember that these small provinces have a difficult time to meet the new demands that call for increased taxes for many types of health services, increased costs of policing and administration, in addition to their regular costs of roads and bridges and all the old expenditures as well which have increased many times in the last few years. Hence my province of which I am speaking at the moment, like the rest of the maritime provinces, is carrying a heavy burden of taxation and is labouring under the difficulty of what we refer to as a narrow tax base. We are limited in area. We are bound by federal fiscal policies which so often operate to our detriment, owing to our location in the federation.

The fiscal policies of the central government which have been necessary and correct—I have no criticism of them—to build Canada into a nation unfortunately have at times handicapped our growth and our trade, and still do so, and have operated to encourage the development of other parts of Canada and the centralization of industry in which we have not shared. I think this has been one of the reasons for the lag in our general economy.

As I said, I am not criticizing this part of the fiscal policy. I think it is right, because this country as a country must grow. I do not think you will find anybody in the maritime provinces who is jealous of the rest of Canada for growing faster. We want to see the nation grow as well. But I think there is a strong feeling in the maritimes—and I do not hesitate to voice it because I feel that I am backed up in it—that there is a responsibility on the federal government to devise and apply a fiscal policy that will even up the whole national economy.

During the past 80 years these three provinces by the sea have contributed much to the progress of this country. I would refer

in particular to the human resources. Many of the leading men and women of our country, who were born down by the sea, have used their ability, initiative and resources in other parts of this great country to assist in making it the nation it is today. We are proud of the fact that wherever you go in Canada you meet hundreds of former maritimers or their descendants. But as a result of the combination of these circumstances and the national fiscal policy, the maritimes have suffered and now lack many of the industries which they ought to have had and which could have been supported. This area necessarily has a limited taxation base and, while a part of this confederation, has not shared in the growth of the nation. Taking all the circumstances into consideration this area has contributed much more to the growth of this country than the central government has properly recognized.

I say therefore, Mr. Speaker, to the Prime Minister and to this government that the proposals submitted to the maritime provinces, the cradle of confederation, in my opinion and in the opinion of many others are not fair, reasonable or realistic as stated by the Prime Minister. Such statements do not measure up to his promise that regardless of the taxation base the federal government should make it financially possible for any province, which would include the maritimes, to perform its constitutional functions and provide reasonable services without having an abnormal burden of taxation. Unless this government is willing to reconsider these proposals or accept other proposals or formulas such as the one submitted by New Brunswick last October, or the suggested appointment of another royal commission similar to the Duncan and White commissions of 1926 and 1934, then conditions will become more difficult.

It will be recalled that the Duncan commission soon found that the economy of these provinces was lagging far behind, and that this was the result of federal fiscal policy and other circumstances over which these provinces had no control. At that time the commission recommended immediate lump sum increases in the federal subsidies, and those recommendations were carried out. They further recommended that another commission be appointed to restudy and reassess the whole economic situation as between the maritimes and the other provinces. This reassessment was carried out by the White commission, and as a result of its report of 1934 the statutory subsidies were further increased in view of the recognition by the members of that commission that the maritime provinces had not received, nor had they any prospect of receiving, the opportunity of access to the central market areas. The commission felt that this was not sharing to an equitable degree in the natural growth of the country.

Now, Mr. Speaker, it has been over 20 years since the White commission reported, and in view of the tremendous economic expansion in which the maritimes, as some of the original partners, are entitled to share, I feel the time is overdue for another reassessment by another royal commission of the maritime economic situation as compared with the rest of Canada. I am sure that any commission going into this whole matter would, under all the circumstances, recommend a considerable further increase in our statutory grants or subsidies. In fact I feel that such an increase could run up to 10 times as much as we are getting.

In closing let me say that I feel the government should certainly be considering some of the arguments that were put forward by the maritime premiers during the last conference concerning annual grants and treating this area as a special area. If the government is not willing to do that it is going to be tough for these people to put themselves on an even footing with the rest of Canada. The rest of Canada can grow and will grow, and the gap between us will get wider. I feel it will be nothing short of a tragedy if the maritimes are not treated as a special area. Although it may sound harsh, I feel it will be a blight on this government if it refuses to face up to the situation which we in the maritimes feel calls for justice and a square deal.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I do not know that I am qualified as a financial critic. While I studied political economy some time ago, yet when I see a budget I feel the need of knowing more. I agree with whoever said that money comes slowly but it goes quickly. I suppose the Minister of Finance finds the same thing. I would say that this is a poor election budget, but it is a great budget for all of Canada. There are some members in this house who would like to have another budget like this next year. I admit that I would like to see another budget like this next year and hear the Minister of Finance say there would be no election that year—not that I am very frightened of anything the future may hold.

It has been said by many in this house and in many of the newspapers that this budget is just holding the line. There are a good many members in this house who have heard that phrase thrown at them enthusiastically, "Hold the line". That is just what our Minister of Finance is doing. There are those who

would attack the line. Let us consider inflation. There is a danger of inflation breaking the line. When we have less goods and more money, there is a danger of inflation and the minister has to watch that. There is a danger of unemployment. I sat in this house last year and listened to the oratorical efforts of the opposition in denouncing the government in the matter of unemployment, yet when the government has done its best this year to help cure unemployment we do not hear very much about it. That is one of the dangers of breaking the line.

I think I know some classes of people fairly well. There are those who would tell us to hold the line. Who are they? The big trade unions of Canada want the government to hold the line. They do not want any more unemployment than exists at the present time. The chambers of commerce and the taxpayers of Canada want the government to hold the line. City councils and industries certainly want the government to hold the line; and the question is, will the government hold the line? We call on the Minister of Finance to hold the line because he stands for three fundamental things in the Liberal party, the things on which our party was built.

When we heard the hon. member for Cape Breton South give us the foundation of the C.C.F. party I thought it went back to the Regina manifesto, but our friend told us just what the C.C.F. is. I think I have the right to say on what the Liberal party is built. The minister has shown us, and so has the Prime Minister. The first principle is unity. From Newfoundland to British Columbia we have unity throughout Canada today. Therefore the line is being held. I could speak for half an hour on that, but I do not think it is necessary.

The second thing is security. If you visited any of our schools today what would you see? You would not see what you saw some years ago. From the way the children were dressed some years ago you could tell the brand of flour that had been used in the home. Go out in the streets and look at the automobiles there. Oftentimes I have been ashamed to go around amongst these big cars in my tin lizzy. I know there are some people who are unemployed. The great Teacher said, "The poor ye have always with you." Take a young man who has prepared himself in his youth, who has slaved and toiled like the hon. member to whom we heard such outstanding tributes paid today, who has developed his gifts. Certainly he need not lack a job in Canada today.

[Mr. McIvor.]

The third principle is freedom. We have freedom in Canada. I admit I am free to worship as I like or not to worship at all. I am free to go where I like; I am free even to resign from this house if I thought it was the right thing to do. We are free from the Atlantic to the Pacific to change our employment, to live as we like, to go to sleep when we like and get up when we like and to eat what we like. Since the budget is based upon these three principles of unity, security and freedom we say to the minister, "Boy, you are holding the line".

The reason I rose to take part in this debate is that I have two things to tell the minister. I have been telling him about these things for the past four years. I have been telling him how he should spend some money. But before I do that I think it is my duty to tell him how he can get some. It is all right to cut taxes, but where are we to get some money? We in the Fort William and Port Arthur district have organized the northwestern development association. We put in as the head of that association the city editor of the *Times Journal*. They are doing an outstanding job in getting industries to come in, and in opening up mines. One of the most outstanding new mines—perhaps you have not heard of it but if you had watched the stock market you could have made a little—is the Iron Bay mines which develop taconite ore in the Red lake district. Dr. Barclay is the man who is taking care of it. He is the former principal of our technical school in Port Arthur.

I must admit that some time ago I was disappointed in our Great Lakes pulp and paper mill, perhaps because of friendship. What is happening? Our northwestern development association is co-operating. They are building two more mills at a cost of $40 million. Perhaps that might not be the correct figure, because I am not a financier, but it is costing a lot of money and it will employ many people. Therefore I say to the minister, you are going to get a lot more taxes from the people who will be employed in producing what will come from that mill.

The two things I am again going to ask the minister to consider—and it is the fourth time I have mentioned them; they say that constant dripping will wear away a stone—are, first, superannuated pensioners, men who retired before salaries were increased. I have a letter from a postman who served 37 years, until one of his legs played out and the other one was not very much better. He was earning $116 a month and when he retired his pension was $88.46 a month. When Blue Cross and hospitalization are taken from that what is left for a couple to live on, especially when his wife is seriously ill? His

salary was $1,600 a year, compared with $3,400 a year today. I should like to tell the minister just as emphatically as I can that this is one of the outstanding needs in Canada today. The pensions of these superannuated pensioners should be increased.

The second thing—and I have a resolution on the order paper today dealing with it—is that pensions should be provided without a means test to veterans 60 years of age and over who saw active service. I said before that I have known some men who had four Christmas dinners in the trenches. I was talking to one a little while ago. He is only 61 years of age, but I could handle him in any way I wished and I am 20 years older than he is. He lost more than 10 years of his life. Why should those men who sacrificed their lives, their home influences and sometimes their homes, not get their pension without a means test at 60? I think it is time we woke up. I just say to the minister I hope that the new money that comes from my district will be used for that purpose.

Our city of Fort William tried to cooperate with the Department of Labour in another way to cure unemployment. This year they decided on winter work. They decided to lay sewers and put a tunnel under the Kaministikwia river for their water which comes down from Loch Lomond. Instead of putting it through the pipes that were broken not long ago, they put in a tunnel where it will be safe for all time.

We think the work which is being carried on now should have some support from the government. I believe that $310,359 was spent on winter work including trunk sewers. I ask the Minister of Labour and the Minister of Finance—and I suppose the Prime Minister will listen—for 20 per cent of that cost. I think we should get 20 per cent of it because I believe it is better to pay out money for that type of work than to pay it out in the form of unemployment insurance or relief.

Mr. Speaker, I should like to express through you my appreciation for several improvements. I patronize the cafeteria upstairs quite frequently because the meals are well prepared; one can eat as much or as little as one likes, and one only pays for what one eats. The improvement in the cafeteria has been outstanding and in expressing my appreciation for this improvement I am sure I am speaking for a good many hon. members in this house.

I would also like to express appreciation for the improvement in the lighting in this chamber. We do like to see the light coming down from above, and with this improvement it is possible for one to see all the clocks in this chamber. We express appreciation for the improved lighting arrangement. I am reminded of the quotation, "Let there be light".

Mr. Fraser (Peterborough): It is hard on the eyes, though.

Mr. McIvor: I now wish to speak about a pet subject of mine. I think everyone should be interested in games. I am sure, however, that many of us have been disappointed in the great national game, hockey. I saw one game recently and it reminded me of what I wanted to see when I was a boy. I wanted at that time to go to Donnybrook fair where you could get a drink or two and where the slogan, "If you see a head, hit it" prevailed. That hockey game was somewhat like that. It is no longer a matter of playing the game and observing the rules.

I see great hope for the future, Mr. Speaker. Perhaps you have heard mention on the radio of a sports college in Canada. Among the personnel of that sports college is General H. D. G. Crerar. The college publishes a paper which is called *Sports College News*. This sports college is a national non-profit organization which is dedicated to helping to raise the standards of amateur sports, efficiency, physical fitness and recreation in Canada. It has been operating on a national basis since 1946. I would like to read to you the objectives of this sports college, as outlined in the March, 1956, issue:

> The fundamental objective of the Canadian amateur sports and physical fitness development service is to make Canadians the most amateur sports and fitness conscious and knowledgeable people in the world. In working to this objective the Canadian amateur sports and physical fitness development service will attempt to accomplish the following:
>
> 1. Create increased interest and participation in physical fitness activities throughout Canada.
> 2. Stimulate increased participation in amateur sport.
> 3. Develop increased interest in and support for amateur sports and recreation generally.
> 4. Provide an authoritative information-education service to Canadians (individually and in organized groups) on all matters pertaining to sports skills, training, conditioning, physical fitness programs, organization and all related subjects.
> 5. Offer a national "voice" through which those at work in this field can receive publicity and promotional aid in selling their activities to the public and through which support can be generated.

I appreciate the contribution of this group of men who are devoting their time and energy to building up amateur sports in Canada. I must admit that I would rather see a group of pee wees play, go out and throw themselves into their game, than all the professionals in Canada. I think this sports college is to be congratulated, and I hope it will carry on and continue to do its best.

I congratulate the minister on his budget. He did not reduce taxes but he did not increase them very much. Therefore he is

holding the line, and I expect he will hold the line in such a way that he will be able to hold up his head and look the whole world in the face.

Thank you, Mr. Speaker, for your patience.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, the comments which have been made concerning the budget were not totally unexpected. We have heard it referred to as the nothing-nothing and the zero-zero budget. Some people have referred to it as the six-bit budget. I found very little in it to talk about; therefore I do not intend to waste the minister's time in talking about it at any length.

Certain statements have been made, however, to which I would like to refer. An announcement was made with respect to an increase in wages for federal civil servants, which I am satisfied will be met with good wishes and applause from every part of this house. The announcement today that the temporary employees would receive increases along similar lines is also appreciated. My only hope is that those who are in the lower income brackets will soon be the recipients of a sizeable increase in salary. Certainly those who are in the top bracket are not quite so much in need of an increase.

I would also like to be associated with the hon. member for Fort William in respect to his appreciation of the lighting in this chamber. I find now that I can practically look the minister in the eye and decide whether or not he means what he says—

Mr. Pearson: We can see you blushing.

Mr. Hahn: —and this is very commendable.

In making his statement today in reply to a question the Prime Minister indicated that part of the discussion in the United States with the president of that country had to do with the imbalance of trade, and with the fact that Canadians felt it was rather undesirable to have too much United States investment in this country. We in this group have long associated ourselves with that theory and that thought. We feel that if possible Canada should be for Canadians. I am pleased, however, that the Prime Minister is realistic enough to realize, as is the Minister of Finance, that if we are going to have an imbalance of trade we had better correct it in some way and allow United States dollars to come in to assist us in expanding our economy.

I have said before, and I repeat, that it remains for us as legislators and for those in the provinces as well to see to it that Canadian interests are protected. As long as we do that I do not think we have too much to fear from any investments that are made in this country. This, of course, depends on the particular policies which the government decides to follow. If it wishes to permit 70 or 80 per cent of our investment to continue to come into the country from the United States that would doubtless be very detrimental to the future of Canada. I am satisfied, however, that with a certain understanding as between industrialists and the Canadian public as to the gradual shift of the United States balance of holdings in this country to Canadian control, in all likelihood we can change that balance over a period of time.

I have one other observation to make, and that is that we should not be so parochial in our thinking that we put ourselves in the unfortunate position where we stop the progress of North America. It is most important, if we are going to develop this country, that it must develop in conjunction with our great neighbour to the south. We have not a right to expect that the United States will be our protectors in the event of a catastrophe without at least doing something to assist them, and for that reason I was very pleased to hear the Prime Minister say today that certain discussions were being proposed in respect to waters crossing the international boundary.

This afternoon the hon. member for Cape Breton South gave us in this house considerable food for thought. I for one have learned to respect his thinking and his statements, for he usually says what he thinks. I must say I cannot remember him saying anything he did not think and absolutely believe in. He was somewhat taken aback, I would say, when the hon. member for Trinity asked him a question relative to his statement pertaining to the Regina manifesto, and possibly for a very good reason. I was pleased that he did not deny that the C.C.F. is going to maintain the Regina manifesto, for I think the people of Canada will now be in a better position to assess exactly what the C.C.F. stands for.

This is the doctrinaire basis of that particular party. I would say, let the people of Canada decide whether the statement the hon. member for Cape Breton South read is the true statement of C.C.F. thinking, or whether certain other utterances that have been made from time to time are the true statement of C.C.F. thinking. I refer to the Avonlea-Rouleau *Beacon* of March 9, 1955. This particular newspaper has an advertisement which was a recopy of one published many years ago. In fact it was issued in 1935. It says:

Douglas has been a student of Social Credit for many years.
Douglas has endorsed Social Credit.
The C.C.F. will make the Social Credit scheme possible.

An hon. Member: Which Douglas is that?

Mr. Hahn: It says:

Vote Douglas.
Issued by the C.C.F.-Social Credit, Weyburn federal constituency.

I take it that this is the same T. C. Douglas to whom the hon. member was referring. This man is now adopting certain of the Social Credit principles, and I am happy to see that the hon. member for Cape Breton South is seeing the light and is beginning to endorse them all.

Mr. Gillis: He is pulling you out of the fat.

Mr. Hahn: I do not think you have to worry about pulling me out of the fat. I am quite capable of getting myself out of the fat. The fact of the matter is, Mr. Speaker—

Mr. Knowles: The fat or the fact?

Mr. Hahn: The fact of the matter is that the hon. member for Cape Breton South might have gone further today and told us that there are three kinds of socialist or C.C.F. members in this house. There are the extremists, the middle of the road gentlemen, and the very moderate ones. I have yet to decide exactly which group he falls in, unless he belongs to the Social Credit group or is possibly thinking of joining this group, since Mr. Douglas has accepted so many of the principles that have met with certain success in his own government. Mr. Douglas tried mild socialism. He failed in many instances to implement it. I am not sure of the reason for that. However, I am satisfied that those of our socialist friends who have endorsed socialism, or our C.C.F. friends who have endorsed socialism, might be better equipped to tell us for what particular reason these socialistic businesses failed.

I am sure Mr. Douglas does not reflect the views of the hon. member for Vancouver East, who unfortunately is not able to be in this house at the moment. I am satisfied that this hon. gentleman, who is just as straightforward and has made just as many statements that have been accepted at face value, will be only too happy to agree that some of the statements I am going to read are rightly attributed to him. I have in my hand a copy of a statement in the Vancouver *Province* of April 17, 1943, six years prior to the change in spirit of the C.C.F. party. At the tenth annual convention of the C.C.F. party of British Columbia the hon. member is reported as having said:

We must make it clear that we are not a reform party, we are a militant and revolutionary party and intend to be a militant and revolutionary government.

On November 10, 1943, the Calgary *Albertan* reported a speech made by the hon. member on November 9 in Calgary. He had this to say:

When we become the government we will institute socialism immediately, and would use the power of the police and the military forces to force those opposed to obey the law. Those who defied the government's will would be treated as criminals and if capitalism says "no" then we know the answer—so did Russia.

I believe—and rightly so, I think—that there are at least two extremes in this thinking along socialistic lines in that party.

Mr. Castleden: Tell us about the $25.

Mr. Hahn: The hon. member is very much concerned about the $25 a month. We shall deal with this later when we have a proper opportunity. I think the hon. member has heard from time to time that it is possible to pay a dividend once one gains control of this nation, rather than forcing one's thoughts and ideas on others who do not believe in them.

As I said before, and I must repeat, I am satisfied that the hon. member for Vancouver East would not disagree that the statements I have read are rightfully attributed to him. So I am satisfied that the people of Canada should know exactly what type of C.C.F. members we have in this country. I have beside me a copy of the Vancouver *Sun* dated April 7 of this year. In it I see that the C.C.F. party in British Columbia has elected a new leader. This new leader is a militant socialist, and qualified himself as such. Just exactly what a militant socialist is I shall leave to your own imagination.

I think I have said enough on that subject in so far as classifying the socialists or C.C.F. members is concerned, but I too should like to keep the record straight. My purpose in raising this point at this time is that I do not want our C.C.F. friends going throughout the length and breadth of the nation telling the people that they again have thought of something that I am satisfied the Minister of Finance and the government, if it is the government of the time, may decide to institute possibly even next year.

I should like to refer to a Searle Grain Company report of Wednesday, March 28, 1956, which contains an article headed, "The United States Farm Bill, An Interesting Feature." The article reads in part as follows:

Although the United States farm bill has now been passed by the senate various amendments injected in its final stages are likely to receive close scrutiny in the senate-house conference committee; for this reason it is difficult to know in what form it will ultimately reach the president's desk. One of the amendments referred to, the two-price plan for wheat, is a new departure, the outcome of which will be watched closely by Canada. Under this proposal farmers would have

the opportunity to decide by referendum whether effective 1957, they would be willing to accept 100 per cent of parity on that portion of the wheat crop entering domestic consumption, normally some 500 million bushels, and whatever price was obtained on world markets for the balance.

I want to keep the record straight, and the reason I raise this point is the fact that on May 17, 1955, as found at page 3829 of *Hansard*, the hon. member for Assiniboia (Mr. Argue), speaking on the two-price system, had this to say:

Parity to us is equity and justice. We do not support, as some other parties in this house do, notably the Social Credit party, a certain percentage of parity for any commodity which is less than 100 per cent, no matter by what formula it may be arrived at.

Mr. Low: Prove that.

Mr. Argue: I shall prove that to you in one moment.

Mr. Low: You cannot.

Mr. Argue: I will prove it right now by quoting the hon. member for Acadia who gave the Social Credit position on agriculture in the budget debate, as reported at page 3626 of *Hansard*, as follows:

"In this group we have been advocating a two-price system for a number of years; that is, that the domestic market for farm products should be supported at 100 per cent of parity and that farm exports should be sold at the best prices obtainable in the international market, preferably under international agreement but supported by a reasonable support price."

Mr. Argue: The farmer should get parity for all his crop, not just for part of it.

Mr. Hahn: The hon. member for Assiniboia has repeatedly said that the farmer should get parity for all his crop. I am not going to argue that particular point at this moment.

Mr. Argue: Are you for it or against it?

Mr. Hahn: No, I am not.

Mr. Argue: You are just for a part of parity.

Mr. Hahn: I am for what the hon. member for Acadia said we stood for, and I hope the hon. member for Assiniboia will remember when the government proposes to accept a similar plan that it was not his idea or the idea of the government or its supporters but that it was the idea of a bunch of crackpots in this corner of the house, the Social Crediters.

Mr. Argue: You are right when you say "crackpots".

Mr. Hahn: That is not so.

Mr. Argue: The member is against full parity for the farmer. That is exactly what he is saying now.

Mr. Hahn: I am saying that I am for the sale of our products, and I will continue to be for that. The fact is that I would apply that same formula to the sale of all our surplus goods outside of Canada if and when we have surpluses, as we have had in the past.

Mr. Argue: Keep on apologizing.

Mr. Hahn: There are no apologies. I think I made myself quite clear, even as the hon. member did.

Mr. Argue: You are making some progress.

Mr. Hahn: Don't feel sorry for yourself.

Mr. McIlraith: Is that a private war going on over there?

Mr. Pearson: Border tension.

Mr. Hahn: There were two other problems I had in mind, but I see I will not have time to deal with both of them. I shall devote the major portion of the remainder of my time to the question of social legislation. From time to time I have heard utterances from the government side that there will never be a depression. We have old age pensions, we have old age security, we have war veterans allowances, we have pensions for the blind and for the disabled, we have family allowances and we have unemployment insurance. Undoubtedly all these measures are very valuable in themselves and should take us through a temporary period of decline or depression.

However, there is some difference with respect to this group of pension and insurance measures. There are one or two that are specifically insurance funds, and there are others which are completely dependent upon the ability of the taxpayer to keep the coffers of the Minister of Finance well supplied in order that he can continue to pay. That is completely true under the present orthodox system of finance.

I did note two years ago, however, that we were in a bad way so far as unemployment was concerned. We had the heaviest unemployment in the history of the nation since what are referred to as the dirty thirties. It was apparent to those who studied the situation at all that if such unemployment had continued the fund would have been depleted. However, such was not the case. Certain factors, to which the hon. member for Fort William did not refer, helped. More particularly, the rise of the prosperous economy in the United States helped to take us out of the throes of that very difficult period.

If unemployment had continued at that time there is very little doubt in my mind that the Minister of Finance would have found fewer, and fewer tax dollars in his coffers, with the result that he would have had more and more difficulty in paying for these services, for after all the dollars that our farmers and

labourers pay through income tax are just a reflection of the prosperity of the businessmen of this country.

I was very interested in the reference to small merchants made today by the hon. member for Cape Breton South. It is not an unusual thing for merchants to go bankrupt in this country at the present time. I believe I brought this particular question to the attention of the house a year or so ago. In my one small community alone we find that because of the no down payment cry, four television and electrical stores have gone out of business in the past few weeks. They just cannot compete under a system that permits the sale of goods with no down payment.

The government must make a note of these things if they expect those people to be contented and happy who have had to close their doors because they could not compete with the large merchants referred to a few minutes ago. Competition in itself is one of the finest things this country can possibly have, but not uncontrolled competition making use of the loss leader practice whereby you sell a teakettle costing you $9.25 for $8.95 and make up the difference by issuing credit through loan companies. That is where the bigger stores get their profit, and there must be some measure of control.

I could continue discussing this matter for some time, but if I did so I would lose the opportunity to tell the house how I and thousands of people in this country feel about the assistance that our senior citizens and others should be receiving. The hon. member for Fort William, to whom we listened with some interest, said it was time we woke up. He referred to people on annuities. Yes, it is time we woke up. It is time we woke up to the realization that the dollar of today is not the dollar of yesterday but is only worth 50 cents.

I know that in many respects these are just repetitious remarks so far as the Minister of Finance is concerned. He has heard some of these utterances before. But, Mr. Speaker, it appears that we must continue to draw this matter to the attention of the minister and the government. It is my opinion that in an expanding economy such as that which we now have, continued expansion depends, and should not, wholly upon social welfare. It should depend upon ability of the businessman to get money with which to progress and further expand his business.

Earlier in the session I among others drew to the attention of the government the decline in the return to the agriculturist in comparison with what he had a right to expect a few years ago. I believe the figure that was used was something like 6·7 per cent of the gross national income as the proportion received today by the farmer, as compared with the 20 per cent of the population which he represents; and that I think was compared with what we had back in the 1930's.

Mr. Speaker, the agriculturist is not the only man who suffers a decline. We have these people who are on fixed incomes suffering in exactly the same way. The old age pensioner no longer is asking for a hand-out. He does not have to. The old age pensioner of today in all likelihood contributed something to the compulsory contributory fund through income tax up to a maximum of $60 annually. So it is his by right.

This is not a pay as you go policy, it is admitted. Figures prove that the fund is not self-sustaining. However, it is necessary that these people get more money; that is, if they hope to continue living. We have too many instances—certainly they are not all accidents in the city of Vancouver—of people turning on the gas jet, failing to turn it off and being found dead the next day. These happenings, Mr. Speaker, are not just accidents. In many instances they are quite deliberate. I would say it is our responsibility to see to it that they shall not continue.

We have the problem increasing daily. Young men are forced into compulsory retirement. Who wants a man over 45 years of age, we are told. If he has not a trade or a profession he is just shoved from pillar to post. We have not any place for him in our society. We do not take him and train him as we might or as we should. Maybe he is incapable of being trained. But, Mr. Speaker, because he cannot be trained does not necessarily mean that he should be deprived of the right to earn money, or the right to sustenance. The cost of living is out of all proportion today to what the old age pensioner is receiving. I have here the dominion bureau of statistics *Daily Bulletin* of Tuesday, January 10, 1956, in which the lead item is as follows:

> A survey conducted by the dominion bureau of statistics in five metropolitan areas across Canada indicates that families with two to six members in the nation's larger cities spent an average of $6.94 per person on food every week.

That is just under $7 a week, Mr. Speaker. There are four weeks in the month or approximately 30 days. Worked out on a daily basis, it amounts to about $1 a day. In other words, $30 is the average expenditure each person makes in Canada on food. It is little enough that we expect our senior citizens to live on, a mere pittance of $40 a month, especially now that we are paying into a compulsory contributory fund to make it possible for the government to collect a good portion of it back. After all, it costs only

$50 million; I believe that is the figure we went into the red last year. That in itself should be little enough contribution from the people of Canada to keep these people alive.

I am satisfied that there are others who recognize the problem. They are closer to it than are we. We practically live in this house for six to eight months of the year. We do not see the poorer people in the cities unless we go home. When we contact them directly or indirectly we receive letters from them asking if we cannot do something to give them some help, somehow or in some way. Certainly, Mr. Speaker, the municipalities that have sent letters to me and the newspaper articles that we read from time to time would indicate that there are thousands of people who are aware of the niggardly way in which we treat our senior citizens.

I have one here. It is a year old; in fact it is two years old now. It is from the Vancouver *Province* of February 18, 1954, but it is just as true today as it was then. I shall refer to another one later. It is headed "Victoria Sets an Example to Ottawa" and reads in part as follows:

> The British Columbia government, in promising assistance to old age pensioners who need it, is giving the government at Ottawa a much needed lesson in generosity and justice.

This is that bunch of crackpot Social Crediters in British Columbia. "Justice" is the word the editorial uses, and possibly it is well chosen. In this article they go on to speak of starvation. Later on they tell about the way they would propose to help these destitute people. Not all old age pensioners are destitute. Not all of them require additional help. However, there is a group that requires help or further assistance. Later on the article goes on to say something about recognition by the government here, by the government's own department, of how much it costs individuals to live. It states as follows:

> After all, the Minister of Finance at Ottawa collects no tax on the income of a single person over 65 up to $1,500 a year, and none on a married person up to $2,500. The exemption admits that the single person with $1,500 or less cannot afford a tax and that the married person with $2,500 or less is in the same position.
>
> Why, then, treat the pensioner differently? If the ordinary single citizen over 65 needs $1,500 a year, why pretend that a pensioner can get along on less than half that amount?

Mr. Speaker, I would not be one who would ask for $1,500 a year for these old age pensioners. However, I maintain that when in 1954 the government of British Columbia gave $5 more to the pensioners of that province, they required it; and the province recognized that need as does every self-respecting governing body within this nation. The municipalities are much closer to the situation than we are, as are the newspaper men. They go to these houses where we find these poor, maimed bodies, and they see for themselves what has taken place. Then in 1956 we had a repetition of the same thing in British Columbia. The Winnipeg *Free Press Prairie Farmer* of February 8, 1956 had this to say under the heading "B.C. pensions to hit high":

> Pensioners living in British Columbia will become the highest paid in Canada if budget proposals of Premier Bennett are implemented.

Incidentally I may say that they were implemented. The article continues:

> The premier announced February 1 a $5 increase in the $15 bonus paid by the province above the $40 federal pension.
>
> Only four provinces and the Yukon pay supplements to the $40 federal and provincial old age assistance, all of them conditionally, and mainly for shelter requirements.
>
> British Columbia now will pay $20. Saskatchewan pays up to $20—

Perhaps I could be corrected in this, but I believe the Saskatchewan system works in this way. They will pay up to $20 on condition that there is only one individual in a particular household who is in receipt of the old age pension. Otherwise it would be $20 for two people.

> —Alberta $15, Ontario $10 and the Yukon $10.

I believe the Yukon payment comes from the federal treasury. There is a recognition in itself of the fact—and it is certainly true, as hon. members will realize—that in the northern part of this country the cost of living is far higher than anything we find in the more densely populated areas.

There are many other articles to which I could refer, Mr. Speaker. Here is one that strikes me as quaint in its own way, when I contrast it with the statement of the dominion bureau of statistics in respect to the cost of living. I have a clipping from the Vancouver *Province* of Saturday, January 7, 1956, in which the heading is, in bold type, "You can feed 10 on $40 a week". This amounts to $4 per person per week. The dominion bureau of statistics found that it required $6 and some odd cents, on an average, to feed one person for a week. In the face of that finding this kind of trash has no value in so far as presenting the problem in its proper aspect is concerned. You could feed people on less than that. I have seen people go hungry for a day, but that does not mean that month after month from the time you are 60 or 65 years of age you should be expected to live on such a diet.

I do not know that the article gives the complete diet, but it gives the cost of some of the items, and I shall just use one or two to illustrate how misleading an article such

as this can be. It says eggs, $2.16, but it does not say how many or what price per dozen. It says milk, 40 quarts including dried skim, $6.80. I think it must be mostly dried skim, because I do not know anywhere you can buy milk for 16 and 17 cents a quart. The article refers to sugar, 10 pounds for 50 cents. I am not sure how many hon. members are familiar with the price of food, but I question that statement also. It is indicative of the same sleepy-eyed thinking that goes on across this nation. In the meantime, we do have starvation in the midst of plenty.

I have other newspaper clippings here. This one says, "Senior citizens line up for west van housing". It is dated January 12, 1956. These senior citizens require housing and there just is not any for them. This sort of thing is not localized in the city of Vancouver or New Westminster; we find references to it in the newspapers across this nation. Here we have a clipping on which the heading reads, "Oldster issue urgent". It is taken from the Ottawa *Citizen* of May 21. Of course this refers to a statement by Mayor Charlotte Whitton when speaking in New York, and possibly for that reason it may not be given the consideration here it should receive. Then there is another clipping from the Vancouver *Province* of September 14 which says, "Watch food, Father William". It goes on to explain how these senior citizens require dentures. I do not know how they provide them out of $40 per month. We have another clipping on which the heading is, "Housing other major family welfare poser". Still another says, "Montreal's old people need special housing". Here is a letter headed, "Help for old age pensioners". Another clipping has the heading, "Pensioners need homes and hospitals". I do not suppose any person ever thought they had to go to hospitals. Another clipping says, "Our aged accorded 'miserable' treatment".

These clippings are not taken from *Hush* publication or *Tabloid* or any of these other publications that are generally referred to as so much trash. They are taken from the leading newspapers in this nation, and I am satisfied we should pay attention to them. Another clipping says, "Pensioners in dyke shacktown fear eviction". These people fear eviction from old shacks in which we would not keep our pigs in the prairie provinces. There is no reason in the world for that, Mr. Speaker. These people fear eviction because there are no homes for them; they have no place to go. Here is another which says, "Let pensioners live where they please".

This raises another very important question. These people who are today the old age pensioners of this country have contributed to that pension on a compulsory basis of up to $60 per year, depending on their tax rate. This plan is supposed to assist in meeting this particular problem. These people pay into that fund, yet we deprive the old age pensioner of the right to live where he wishes. Certainly once people reach that age we should take into consideration the fact that they will only be with us for a few years. Their sons and daughters are probably most important in their lives, and they want to spend their few remaining years with them. Perhaps it is a case of having to go to a particular area for health reasons. Possibly they are rheumatic or have arthritis or some other unfortunate sickness which causes them to want to live elsewhere. We deny them that right even after they have paid into this fund.

Mr. Deputy Speaker: I regret to interrupt the hon. member but I must inform him that his time has expired.

(Translation):

Mr. Frank G. Power (Quebec South): I wish, Mr. Speaker, in these, my opening remarks, to offer my most sincere thanks to the electors of the county of Quebec South for the confidence they manifested in me and in the principles of the Liberal party under the distinguished leadership of the right hon. Prime Minister (Mr. St. Laurent). My election was also, in large measure, a tribute on the part of the electorate to the innumerable and important services rendered to them over the years by my father and predecessor, Senator the Hon. C. G. Power, in whose eminent footsteps I hope to prove a worthy follower. The tradition which he has left me is one of unstinting and devoted service in the interests of the electors of Quebec South, of the city and province of Quebec and of Canada. It is also a tradition of party loyalty and service tempered with clearness and independence of thought. Indeed, it is a tradition which he continues to maintain in his new legislative function, and which I will also endeavour, to the best of my ability, to continue in and out of this house.

And now, Mr. Speaker, I crave your kind indulgence while I say a few brief words about the constituency which I have the honour of representing here and while I discuss certain problems of local interest.

The constituency of Quebec South comprises generally speaking that part of the city of Quebec where the Palais station, the harbour, the Battlefields park, the walled town and upper town are located. It also includes the city of Sillery which is undergoing a rapid growth. Within its limits is to be

found the first permanent European settlement in Canada. It has felt the tread of the most illustrious figures of Canadian history: Champlain, Maisonneuve,—whose house in Sillery still stands today—Frontenac, Laval, Montcalm and Wolfe, Cartier, Macdonald and Sir Wilfrid Laurier, to name but a few. The riding has been the site of the capital of French Canada and of the United Provinces of Canada. The Quebec conference preceding confederation was held there. And within its limits are to be found the provincial parliament buildings. In brief, my constituency is the birthplace of Canada and of Quebec.

While I am on that subject, Mr. Speaker, I would like to suggest to the government that because of the historical importance of that city and consequently of the attraction it has for Canadians and Americans, consideration might be given to some financial assistance to the municipality in the form of subsidies or otherwise, especially if we take into account the value of untaxed crown property in the city. In this way the municipal government would be in a position to discharge its heavy responsibilities and to increase the beauty and attractiveness of the city.

But the constituency of Quebec South has more than a historical interest. It also is part of modern Quebec whose progress since 1941 has been truly marvellous. Quebec offers unique advantages from the point of view of the establishment of new industries.

Quebec is one of the main shoe manufacturing districts in Canada. There you find more than 500 industries including bookbinding, tobacco, cigar and cigarettes, ladies' wear, agricultural products, food, furs, iron works, breweries, clothing, wood, pulp and paper.

The town of Sillery which is going to commemorate this year, between the 2nd and the 11th of June, the centenary of the incorporation of its municipality and of its school board, is a pleasant residential town which has grown rapidly since 1945 and of which my forefathers have been among the first settlers.

Now I would like to say a few words relating to some problems with which we are particularly concerned. One of the most important factors in the economic life of my constituency and of the city and district of Quebec is the harbour of Quebec.

The harbour of Quebec, as well as those of Halifax, Saint John, Chicoutimi, Montreal, Three Rivers, Churchill and Vancouver, is administered by the national harbours board, an institution which was established under chapter 42 of the Statutes of Canada for the year 1936.

Before the adoption of this legislation, the harbour of Quebec was state property and was administered by three government officials called the Quebec harbour commission. The change in the administration was made following Sir Alexander Gibb's recommendations, which he formulated after carrying on, at the request of the government, an inquiry into Canada's national harbours. His conclusions were to the effect that the administrative system used was not satisfactory.

Consequently, the setting up of a central authority was proposed in order to co-ordinate direction and to supervise finance and works of a technical nature. Besides the central authority, the recommendation was also made to substitute for the harbour commissioners a local civil servant who would be called port manager. This official would have the direction of each harbour under the central authority. The National Harbours Board Act, chapter 42, statutes of 1936, gave effect to the above proposals.

Another recommendation, subordinate to the one above but which, unfortunately, was not put into effect, called for the setting up of a local harbour board which was to represent local interests and those that used the harbour, and would also help out the harbour master in matters of purely local concern.

The partial implementation of the Gibb report, as I have just indicated, resulted in a centralization which evoked almost unanimous criticism throughout the country, criticism which took the form of speeches and resolutions recorded from time to time in the orders of the day of this house.

The policy implemented as a result of the very nature of this act administered by the national harbours board has prevented the adoption of any corrective measure which could have been brought forward so as to stimulate the export of goods through the port of Quebec.

Consequently, Quebec harbour, though showing a balance sheet which is favourable in appearance, is not as widely used and known as it should be. We must not forget that the Quebec harbour commissioners did much to attract business to Quebec and that they fought to obtain concessions such as the preferential tariff on grain carried from Fort William to Quebec on the national transcontinental railway in 1921 and 1926. Since the disappearance of this harbour commission,

its functions of promoting trade in Quebec city have, to a certain extent, been assumed by the Quebec city chamber of commerce. Be that as it may, promotion carried out by that organization is obviously not as wide in scope as it would be if it were carried out by an authority having direct connections with the harbour.

The inherent weakness of the National Harbours Board Act as it now stands is to be found in the fact that it is not within the terms of reference of the board, nor even of the local port manager, to promote competition between harbours. With regard to Quebec, it would seem that the harbour authorities are completely indifferent to any encouragement or stimulation of local business or to promotion or growth of regional and foreign trade. Indeed, the material assets of Quebec harbour have been so sadly neglected that they have deteriorated in an alarming way. Yet, recently, and as a result of representations made by the chamber of commerce, and supported by all federal members for that area in this house, an impressive program of reconstruction and improvements has been launched and it appears that, following instructions by the government, the national harbour board intends to recondition Quebec harbour. Though such action would be of great help, it would not be enough to ensure the prosperity of this port. It is essential that the recommendations of the Gibb report which I mentioned before, and which have not yet been passed—or some similar legislation—be added to the act so as to improve our domestic and foreign trade and to promote the development of the city by giving the harbour administration a more complete autonomy in co-operation with local business, industrial and labour interests.

(*Text*):

I wish, Mr. Speaker, in these my opening remarks to offer my most sincere thanks to the electors of the county of Quebec South for the confidence they manifested in me and in the principles of the Liberal party under the distinguished leadership of the right hon. Prime Minister. My election was also in large measure a tribute on the part of the electorate to the innumerable and important services rendered to them over the years by my father and predecessor, Senator C. G. Power, in whose eminent footsteps I hope to prove a worthy follower. The tradition he has left me is one of unstinting and devoted service in the interests of the electors of Quebec South, of the city and province of Quebec and of Canada. It is also a tradition of party loyalty and service tempered with fairness and independence of thought. Indeed, it is a tradition which he continues to maintain in his new legislative function, and which I shall also endeavour to the best of my ability to maintain both in this house and outside of it.

Mr. Speaker, I crave your kind indulgence while I say a few brief words about my constituency, Quebec South. It comprises, generally speaking, the harbour of Quebec, the walled town and the upper town. It also contains the modern city of Sillery. Its population is composed of about 85 per cent French speaking Canadians and 15 per cent English speaking Canadians, and of the 15 per cent half are Protestant and half Roman Catholic.

It is a marvellously beautiful county, as have testified the thousands and thousands of tourists who visit this section of Quebec and district every year. It has felt the tread of the most illustrious figures in Canadian history, such as Champlain, its founder; Maisonneuve, the founder of Montreal, whose house in Sillery still stands today; Laval, the founder of the oldest university on the continent; Frontenac, one of the greatest of its governors; Montcalm and Wolfe, whose glorious deaths are commemorated by the battlefields park and by numerous monuments and statues; Macdonald, Cartier and Sir Wilfrid Laurier, to name but a few. It is the site of the first permanent European settlement in Canada; in essence it is the cradle of Canada and the repository of a major part of its history. It is not surprising therefore, that I am deeply honoured and proud of the fact that I have been chosen to represent it in this house.

Mr. Speaker, whilst I am a newly arrived member of this house I am not a stranger to politics. Although I would not by any stretch of the imagination describe myself as an expert politician, for I have a great deal to learn, I have had some seven years of practical political experience as my father's assistant, and since adolescence I have been exposed more or less to the pratical and theoretical aspects of politics. As a result there has been developed in me the following, and possibly not surprising, theory with regard to my conduct as a member of this house and of the Liberal party.

I believe very strongly in the general political principles and objects of the Liberal party and in the practical manner in which they have been and are generally applied. In consequence of this, and of the fact that I was elected as a supporter of the Liberal party and of this government under the distinguished leadership of the Right Hon. Louis St. Laurent, I owe loyalty to our party and to my chief. However, I do not believe that

this loyalty should be either blind or unquestioning, nor has the Liberal party or its chief ever so held.

Just as this government, as a Liberal government, has a dual responsibility, on the one hand to the party for the carrying out of the party platform when the occasion presents itself, and on the other hand and more importantly to the people of Canada toward whom it has a responsibility to discharge its functions irrespective of and despite its political commitments, so also I believe that I and every other hon. member of this house has a dual responsibility to the party whose principles he upholds and a responsibility as a member of this house for judging and passing on legislation which is brought down by the government. As in the case of father and son or brother and brother, I feel that any disagreement or criticism which in the discharge of my parliamentary obligations I may be obliged to express should not, or would not, in any way affect my standing as a member of the Liberal party.

In this connection I would like to cite a paragraph from one of my last campaign speeches in which I expressed essentially the same thought:

> In the course of my various discussions with you I have endeavoured to place before you the point of view of one who whilst strongly attached to the party to which he belongs, believes that no candidate should pledge himself in advance to the extent that he be precluded from exercising full liberty of action and the best of his judgment and discretion for the attitude which he will take in all or any public question which may be presented to him during the course of his mandate as representative of the people.

Mr. Speaker, I have thought it best to avoid in this section of my speech discussion of particular issues of the day for which more appropriate occasions will arise. However, there is one subject now before this house in the form of two bills which I would like to touch upon before I close. I refer to the matter of bilingualism. Representing as I do a constituency which is by a large majority French speaking, and being myself bilingual, although there is room for improvement, I most strongly urge that this house should, as a principle, adopt the extension of bilingualism in the public service and public printing of Canada.

I do not mean that all English speaking or French speaking Canadians should be forced to speak each other's language, but I do feel that a French or English Canadian citizen should be able to obtain information or service from government publications or from selected civil service personnel wherever he may happen to be in Canada. I think this would go a long way toward increasing our sense of national unity.

Shall I call it ten o'clock, Mr. Speaker?

On motion of Mr. Power (Quebec South) the debate was adjourned.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PRINTING BUREAU—LAND AND CONSTRUCTION COSTS

Question No. 172—**Mr. Hodgson:**

1. How much land was purchased or expropriated for the government printing bureau in Hull, Quebec?

2. What was the cost of each parcel and total cost?

3. What was the cost of foundations, alterations and other work?

4. What is the total cost to date?

Answer by: **Mr. Winters:**

1. An area approximately 1,250 feet square. (1,562,500 sq. ft.)

2.

Location	Owner	Amount of settlement
67 Sacred Heart Blvd.	Beaudry, Yvanhoe	$ 3,000.00
100 St. Henri	Belanger, Oscar E.	17,360.00
118 St. Henri	Bourgeois, Mrs. Jeanne	5,678.97
114 St. Henri	Brais, Wilfrid	7,307.69
37 Sacred Heart Blvd.	Charron, Alcide	43,891.48
37 Sacred Heart Blvd.	Charron, Alcide	5,867.43
130 St. Henri	Charron, Philorum	2,500.00
15 St. Florent	Cote, Mrs. Charles	3,000.00
39 Sacred Heart Blvd.	d'Allemagne, Mrs. Laure	51,132.32
84 St. Hyacinthe	Despati, Mrs. R. A.	2,500.00
112 St. Henri	Drolet, Henri	5,000.00
111 St. Henri	Dubois, Mrs. P.	8,000.00
101 St. Florent	Fortin, Aldege	5,000.00
107 St. Florent	Gagnon, Mrs. Florence	3,600.00
85 St. Florent	Giroux, Mrs. Irene	9,212.45
55 Sacred Heart Blvd.	Gratton, Arthur	10,000.00
59 Sacred Heart Blvd.	Gratton, Lionel	7,500.00
109 St. Florent	Groulx, Eugene	4,000.00
122 St. Henri	Hebert, Mrs. S.	7,375.00
City of Hull		11,957.00
116 St. Henri	Labarge, Mrs. Henri	3,500.00
120 St. Henri	Labarge, Henri	3,500.00
91 St. Florent	Landriault, Arthur	8,000.00
89 St. Florent	Landriault, Lionel	1,700.00
89 St. Florent	Landriault, Leo	4,000.00
97 St. Florent	Legault, Mrs. C.	4,000.00
53 Sacred Heart Blvd.	Moisan, Cyrille	7,000.00
105 St. Florent	Parent, Lionel	2,355.00
85 St. Hyacinthe	Pichard, Francois	4,407.69
Part Lot 5, Pilon	Estate of	20,304.48
79 Sacred Heart Blvd.	Pilon, Jos., Co. Ltd.	235,548.00
106 St. Henri	Rouselle, Antonio	7,615.38
124 St. Henri	Raymond, Ovila	8,615.38
99 St. Florent	Tessier, Philias	4,500.00
103 St. Florent	Thibeault, Leo	2,500.00
41 Sacred Heart Blvd.	Viau, Alfred	8,350.00
100 St. Henri	Villeneuve, Romeo	5,302.10
Cost of site on which building is erected		$545,080.37

3. (a) Cost of foundations—$480,684.27; (b) alterations and other work—nil.

4. Total cost to date—$13,540,988.81.

ATOMIC POWER PLANTS, NEW BRUNSWICK

Question No. 312—**Mr. Bell:**

1. Have official requests been received from New Brunswick to consider construction of an atomic power plant in that province?

2. If so, when, and with what reply?

3. Have engineers from the New Brunswick Electric Power Commission been working at the atomic power plant near Chalk River?

4. If so, for what reason?

5. Is consideration given to said power requests of the provinces on a need basis?

Answer by: **Mr. Howe (Port Arthur):**

1 and 2. No. In early 1955 Atomic Energy of Canada Limited invited proposals from the electric power utilities to join them in a small reactor project. This reactor would be a

prototype or demonstration power reactor. The New Brunswick Electric Power Commission expressed interest but did not submit a proposal.

3. No.

4. Answered by No. 3.

5. This question has not arisen. The only atomic power plant which has been considered so far is for demonstration purposes only.

WESTERN SHIPPING CHANNEL, TORONTO

Question No. 325—**Mr. Michener:**

What would be the estimated cost of moving the western shipping channel of Toronto harbour to a location south of the Toronto island airport and filling in the present channel so that the island airport would be connected directly with the mainland?

Answer by: **Mr. Winters:**

Not known. Detailed engineering studies have not been made.

C.B.C.—TELEVISION NEWSCAST

Question No. 327—**Mr. Henderson:**

1. Could not the Canadian Broadcasting Corporation T.V. newscast be televised at an earlier hour than 11 p.m. in the eastern Ontario area?
2. If not, for what reason?

Answer by: **Mr. McCann:**

The Canadian Broadcasting Corporation advises as follows:

1. The national television news could be rescheduled by dropping some programs and might be in the future, but 11 p.m. has so far been judged to be, on balance, the best regular time in the light of various considerations of programming and the interests of viewers.

2. See answer to No 1.

DISABLED PERSONS ASSISTANCE—WESTMORLAND COUNTY, N.B.

Question No. 340—**Mr. Murphy (Westmorland):**

1. How many persons in Westmorland county, New Brunswick, are receiving assistance under the Disabled Persons Act?
2. Are all such persons receiving the assistance either "bedfast" or "chairfast"?
3. Are the regulations the same in all provinces?

Answer by: **Mr. Martin:**

1 and 2. A province is not required to furnish information to the federal authorities regarding disabled persons allowances paid in any specific area within the province. The information requested is therefore not available.

3. The disabled persons regulations apply in all provinces.

NATIONAL HEALTH PROGRAM—SANITATION SERVICES

Question No. 341—**Mr. Houck:**

1. Has any federal assistance been provided under the national health program to provincial sanitation services?
2. If so, what services have been assisted?

Answer by: **Mr. Martin:**

1 and 2. Yes. Environmental sanitation services have been improved and strengthened in all the provinces. Special engineering investigations and research projects on environmental problems have been carried out, such as a study of rural domestic septic tank operation, a study of the nitrate content of ground water, studies related to the adaptation of recognized potable water standards to the natural water sources, and a special water resources survey in Ontario. Professional training has been made possible to 366 sanitary inspectors and 45 sanitary engineers. Environmental sanitation services were extended through the employment over the past eight years of 156 additional sanitary inspectors and 14 sanitary engineers.

NATIONAL HEALTH PROGRAM—BLINDNESS PREVENTION

Question No. 342—**Mr. Houck:**

1. Have any federal funds been provided under the national health program towards blindness prevention services?
2. If so, what have been the purposes of the grants made?

Answer by: **Mr. Martin:**

1 and 2. Yes. National health grants have assisted in the establishment of glaucoma clinics at the Toronto General hospital, Montreal General hospital, St. Sacrement hospital in Quebec city and the Hotel Dieu hospital in Montreal. In 1955, a pilot glaucoma clinic was started for patients at the provincial hospital, Lancaster, New Brunswick. Research into various diseases affecting the eye were supported at the Banting institute and the Hospital for Sick Children in Toronto. A special survey of visual needs in rural areas of Alberta was undertaken and extensive aid is being given in almost all provinces toward the cost of testing school children's vision.

NO. 5 EQUIPMENT DEPOT, R.C.A.F—CIVILIAN EMPLOYEES

Question No. 346—**Mr. Murphy (Westmorland):**

1. How many civilians are employed by number 5 Royal Canadian Air Force equipment depot, Moncton, New Brunswick?
2. How many new civilian employees were taken on in the years 1953 to 1955, inclusive?
3. How many of these employees were non-permanent or hourly paid employees?

4. How many positions formerly held by civilians have been filled by service personnel from 1953 to 1955, inclusive?

Answer by: **Mr. Campney:**

1. 553.
2. 439.
3. 437.
4. 1.

MARRIAGE REGULATIONS, R.C.A.F.

Question No. 347—**Mr. Pallett:**

What steps must an officer or airman who is not deemed to be married under Queen's regulations (air) article 205.20(2)(a) take to be deemed to be married?

Answer by: **Mr. Campney:**

If the marriage of the officer or airman has been dissolved or annulled within the meaning of QR(air) article 205.20 (2)(a)(i), nothing can alter his status under the article except, of course, his remarriage.

In respect to (2)(a)(ii), it might be possible for the officer or airman to bring a motion in court for cancellation of the maintenance decree. If successful, he could then substitute a personal contractual arrangement with his wife, e.g. "separation agreement". If there are children, it might be possible to have the court order altered to decree payments in respect of the children and not of the wife. In either of the foregoing cases, the officer or airman would be "deemed to be married" within the meaning of article 205.20.

USE OF FLUORIDE IN TOOTHPASTE

Question No. 350—**Mr. Garland:**

1. Has the Department of National Health and Welfare any evidence that toothpaste containing fluoride is effective in preventing dental caries?

Questions

2. Has any conclusion been reached by the Canadian Dental Association or by the American Dental Association on this subject?

Answer by: **Mr. Martin:**

1. While evidence has been presented by one commercial source which strongly suggests that toothpaste containing stannous fluoride may be effective in reducing the incidence of dental caries this evidence has not been confirmed by other research workers.

2. The research committee of the Canadian Dental Association has examined all the published evidence concerning stannous fluoride dentifrices and has published its findings. Its conclusion is as follows: "A dentifrice containing stannous fluoride has been reported to reduce dental caries significantly. This study awaits confirmation by other laboratories".

The council on therapeutics of the American Dental Association does not accept any evidence which they have seen to date as conclusive proof of its effectiveness.

NATIONAL DEFENCE—RADIO ADVERTISING

Question No. 352—**Mr. Purdy:**

1. Does the Department of National Defence make use of radio in its advertising program?
2. If so, (a) what stations in Nova Scotia have been used during the past year by various branches of the service and what was the length of the programs; (b) what amount has been paid or is payable to each station for the period under review?

Answer by: **Mr. Campney:**

1. Yes.
2 (a) and (b).

Station	Length of Program	Amounts Paid
CJFX, Antigonish	One-minute spot announcements Commercial portion of newscast	$1,103.25
CKBW, Bridgewater	One-minute spot announcements 20-second flashes	139.40
CHNS, Halifax	One-minute spot announcements Commercial portion of newscast	2,743.23
CJCH, Halifax	One-minute spot announcements Commercial portion of newscast	2,244.63
CKEN, Kentville	One-minute spot announcements 20-second flashes	105.50
CFAB, Windsor	One-minute spot announcements	51.00
CKEC, New Glasgow	One-minute spot announcements 20-second flashes	500.00
CJCB, Sydney	One-minute spot announcements Commercial portion of newscast	2,570.60
CKCL, Truro	One-minute spot announcements	613.45
CJLS, Yarmouth	One-minute spot announcements Commercial portion of newscast 20-second flashes	755.90

Questions

NATIONAL GALLERY PAINTINGS

Question No. 360—**Mr. Murphy (Lambton West):**

1. Did anyone on behalf of the federal government or the national art gallery have any dealings with one Gulbenkian in connection with the purchase of paintings for the art gallery?
2. If so, what are the particulars?

Answer by: **Mr. Pickersgill:**

1. No.
2. Answered by No. 1.

SHIPPEGAN ISLAND, N.B.—WHARF

Question No. 361—**Mr. Van Horne:**

1. How much did the wharf at Ste-Marie-sur-Mer on Shippegan island cost?
2. How much money has been spent on dredging, maintenance, alterations and repairs in respect to the said wharf since it was built?
3. Can this wharf accommodate trawlers?
4. How many boats using this wharf belong to residents of Ste-Marie-sur-Mer?

Answer by: **Mr. Winters:**

1. $263,945.00 (breakwater); $180,253.17 (pier).

2. Dredging, $55,361.45; maintenance and repairs, $11,626.99; alterations, nil.

3. The depth of water adjacent to the wharf is 5 feet at L.W.O.S.T. Boats with lesser drafts can use this wharf at all tides.

4. Information not available.

D.E.W. LINE—AIR TRANSPORT FROM ALASKA

Question No. 363—**Mr. Diefenbaker:**

1. Has the air transport board received complaints since December 1, 1955, that Canadian air lines were not approached for bids on the transport out of Eagle, Alaska, to D.E.W. line points in the Yukon?
2. If so, from whom were complaints received, and on what dates?

Answer by: **Mr. Marler:**

1 and 2. Yes, a joint complaint was received from Callison's Flying Service, of Dawson, Yukon Territory, and Pacific Western Airlines Limited of Whitehorse, Y.T., on January 12, 1956.

BOOK CENSORSHIP

Question No. 371—**Mr. Knight:**

1. How many of the 140 books prohibited from entry into Canada under tariff item 1201, in 1955, were so prohibited as a result of examination in that year?
2. Has the department of customs and excise a staff of readers to examine such books?
3. If so, who (by name) are those readers?
4. Were all the books submitted to these readers so submitted by customs officers at various points of entry?
5. From what points of entry were books submitted?
6. From what other sources were books submitted to these readers?
7. In case of indecision on the part of readers as to suitability for admission, who makes the final decision?
8. Are some books submitted to the department's readers for a decision before shipment is made in bulk?
9. Are any such books submitted by authors or publishers?
10. What instructions are issued to customs officers at ports of entry as to the admission of books not on the prohibited list? (a) Are such books automatically admitted? (b) Are they or samples of them sent to Ottawa for examination?
11. Is there a minimum requirement of education for customs officers at all ports of entry, and if so, what is such minimum requirement?

Answer by: **Mr. McCann:**

1. All.

2. Books are reviewed by various members of the customs and excise division and not by a particular staff.

3. Answered by No. 2.

4. No.

5. From numerous and various ports of entry across Canada. No record of books submitted for review is maintained on a port basis.

6. Individuals, publishers, public authorities, national, provincial and local organizations, and others.

7. Final decision in all cases is made by the Minister of National Revenue.

8. Yes.

9. Yes.

10. No special instructions are issued for this purpose. Officers are governed by the requirements of section 36 of the Customs Act and guided by the list of publications prohibited under tariff item 1201, as well as the supplementary listings of authors and publishers of matter appearing on the list. (*a*) No. (*b*) Yes.

11. Yes. Various educational requirements exist for different positions in customs and excise, but the minimum requirement is two years' high school.

INDUSTRIAL DEVELOPMENT BANK, MANITOBA—SOLICITORS' FEES

Question No. 380—**Mr. Pommer:**

1. Who are the solicitors for the industrial development bank in Manitoba?
2. What fees have been paid these solicitors, and to whom, in the years 1953, 1954, 1955?

Answer by: **Mr. Harris:**

1 and 2. This information is not of government record.

HOUSE OF COMMONS

Tuesday, April 10, 1956

The house met at 2.30 p.m.

LABOUR CONDITIONS

PICTOU, N.S., AND SAINT JOHN, N.B.—UNEMPLOYMENT SITUATION

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to address a question to the Minister of Labour. Is the minister aware of the unemployment situation in the town of Pictou, Nova Scotia, and will he take steps to consult with the Minister of Transport with a view to having some work allocated to that area to relieve the situation?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I am aware of the situation referred to by my hon. friend, and the most immediate steps will be taken to help to improve it.

Mr. Thomas M. Bell (Saint John-Albert): Would the minister also look into the situation at Saint John at the same time, particularly with respect to the lay-offs at the drydock due to the lack of federal contracts?

Mr. Gregg: I am also very well aware of the situation to which my hon. friend refers, but I think that any comment would be incomplete if it did not state at the same time that the general employment situation in Saint John, New Brunswick, is very good indeed.

Mr. Bell: The warden of a municipality near Saint John sent me a telegram with respect to the Saint John drydock lay-offs—

Some hon. Members: Order.

EMPLOYMENT OF CANADIAN CITIZENS IN LABRADOR

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): I should like to reply to a question asked just before Easter by the hon. member for Kootenay West. I have sent the hon. member a copy of my reply, but I should like to give it to the house. His question can be divided into three parts. The first part is:

Are Canadian citizens seeking employment in Labrador required to complete standard form 60 of the United States civil service commission, handed to them by United States army officials?

The answer is as follows: It is presumed that this question refers to the employment of Canadians on Canada-United States mutual defence projects in Labrador. On the construction of these projects, contractors do their own hiring through the national employment offices of the unemployment insurance commission. The contractors use their own application forms.

The United States air force and the United States army corps of engineers also employ Canadians in connection with those defence activities in Labrador which are a United States responsibility. Recruitment of these Canadians is carried out through the national employment offices of the unemployment insurance commission. Since such persons are to be employees of the United States government, the application form used is that of the United States civil service commission.

The second part of the question is:

If so, do these army officials have the final say as to the employment of the applicant?

The answer is as follows: Whether personnel are employed by contractors engaged by the United States army corps of engineers or by the United States air force, the final decision as to the employment of applicants rests with the employer.

The third part of the question is:

Why are Canadian security personnel not used for this purpose?

The answer is as follows: In either case when there are security considerations involved, the security check is the sole responsibility of Canadian security authorities.

GRAIN

WHEAT—INQUIRY AS TO DATE OF FINAL PAYMENT ON 1954-55 CROP

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Acting Minister of Trade and Commerce. Can the minister say whether the final payment for the 1954 wheat crop can be announced soon so that western producers, who are still very short of cash, may be assisted in financing their seeding operations?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): Mr. Speaker, as a result of the large sales made by the Canadian wheat board, heavy deliveries of grain will be possible during the next few months in western Canada, putting a good deal of cash into farmers' hands at the time of seeding and subsequently.

Inquiries of the Ministry

As for the final payment on the 1954 crop, this matter is under consideration and an announcement will be made as soon as a decision is reached.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR FARM ORGANIZATION REPRESENTATION

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, yesterday I was asked a question by the hon. member for Assiniboia (Mr. Argue) with regard to messages received. I find that I have one telegram which I can read to the house, and the answer. The telegram is as follows:

Yorkton, Sask.

Hon. J. G. Gardiner
House of Commons
Ottawa

En route on meetings just obtained copy press report your announcement of proposed dominion provincial agricultural marketing conference Ottawa April nineteenth. Believe it serious omission not to invite farm organizations. Feel this will have definite repercussions. Questions of marketing farm products too important an issue for government to ignore representation direct from farmers and farm women. Urge reconsideration and sincerely trust you issue invitations for farmer representation at once.

Jake Schulz,
Chairman,
Interprovincial Farm Union Council.

I answered that telegram on March 21 as follows:

Jake Schulz
Chairman
Interprovincial Farm Union Council
Yorkton Saskatchewan

It was decided at conference last December that one conference with farm representation is to continue to be held annually in the first week of December to discuss production and marketing for the following year and no other one in between. I hope you will attend the next one. It was also decided that a conference of ministers of agriculture and officials was to be held as soon as possible to which others would not be invited.

James G. Gardiner

Mr. H. R. Argue (Assiniboia): Mr. Speaker, if the minister will not consider asking them as representatives, I wonder whether he would be prepared to have some representatives sit in as observers?

Mr. Gardiner: It has been customary for many years to have an agricultural advisory committee meet. This agricultural advisory committee is meeting on the 16th, 17th and 18th, which are the three days preceding the other conference. All the farm organizations and all the provincial governments are represented on that committee, so they will be here the preceding three days.

[Mr. Winters.]

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO SETTING UP OF CANADA COUNCIL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Can the Prime Minister say whether the further consideration which on March 1 he said was being given to the establishment of the Canada Council has yet reached the point where an announcement can be made? If not, is the matter still under consideration?

Right Hon. L. S. St. Laurent (Prime Minister): It has not yet reached the point where an announcement can be made, and is still under consideration.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—REPORTED COMMENCEMENT OF CONSTRUCTION OF DAM

On the orders of the day:

Mr. W. M. Johnson (Kindersley): I should like to direct a question to the Prime Minister. Is it the intention of the government to proceed with the immediate construction of the South Saskatchewan dam as indicated in some recent press reports?

Right Hon. L. S. St. Laurent (Prime Minister): No, it is not the intention of the government to proceed at this time with the immediate construction of the South Saskatchewan dam.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO PROVISION FOR PERSONS DENIED BENEFITS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Labour if he has yet obtained the information we were seeking previous to Easter with reference to section 45 (2) of the Unemployment Insurance Act?

Hon. Milton F. Gregg (Minister of Labour): No, Mr. Speaker, not completely.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 9, consideration of the motion of Hon. W. E. Harris (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, and the amendment to the amendment of Mr. Coldwell.

(*Translation*):

Mr. Frank G. Power (Quebec South): Mr. Speaker, when we adjourned last evening I was advocating bilingualism. Continuing now on another very important subject I would like to say a few words on the change of site for the new post office.

Acting on the recommendation of its town planners and chamber of commerce, the city of Quebec had asked the Minister of Public Works (Mr. Winters) to study the possibility of changing the proposed site of the building and to choose instead property at present occupied by the Canadian National Railways. I was shown a model of the building on the original site and on the new proposed site. In my view, if the proposed changes are carried out, they would unquestionably constitute a definite advantage for the city, the Canadian National Railways and the Post Office Department. The project as it was described to me would mean a threefold transfer of property. The government would turn over to the city the present site which it has lately cleared. The city would have previously obtained from the Canadian National Railways the Ste. Anne station in exchange for St. Andre street. It then would transfer to the government the Ste. Anne station site. The three properties cover approximately the same area. After receiving a resolution to this effect from the city of Quebec, the Minister of Public Works (Mr. Winters) suspended the execution of the original plan and expressed his willingness to discuss with the civic authorities, at their convenience, the exchange between the city and his department of the property owned by the government at the present time, and that which the city expects to obtain from the Canadian National Railways. I wish to congratulate the minister for his co-operative attitude, and I am confident that the problem will be solved to the satisfaction of all concerned.

The limited time at my disposal does not allow me at the moment to discuss other important problems such as unemployment benefits for seasonal workers, for instance longshoremen, sailors, freight handlers. There is also the question of the Sillery wharf and other matters too numerous to mention in the time at my disposal. However, I shall endeavour to deal with all these questions some other time.

(*Text*):

I would like to thank you, Mr. Speaker, and the members of this house for your kind attention to my maiden effort.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, first of all may I congratulate the hon. member who has just taken his seat on his maiden speech; and may I say with very real sincerity that I can extend no more generous wish to him than that he carry out his promise of independence of thought and devotion to the public service which was displayed by his father during so many years in this house. Whatever our political opinions may be, his father, whom we all know affectionately as "Chubby" Power, will always be remembered with high regard by every one of us here as a great parliamentarian.

Naturally the first point I wish to deal with is the subamendment which will be voted on today. It is customary for the Leader of the Opposition to indicate the position of his party in regard to amendments of this kind.

The subamendment before us covers different subjects. With some of the points raised we are in agreement. However, I think I should read the subamendment so we can bear in mind exactly what it is that it is suggested we should support on this occasion. The amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) states that the following words be added to the amendment:

> that it has failed to reduce the burden of sales and income taxes on those in the lower income groups, while continuing to favour privileged interests and those with unearned incomes by maintaining the 20 per cent dividend tax credit and by refusing to impose a tax on capital gains.

The latter part of this amendment may have an appealing sound to those who adopt the policy of "soak the rich" and seek to claim that this is a general political doctrine. It is put forward with the idea that there will be a suggestion that this is an attempt to deal with those having large incomes. The result would be the very opposite. In a country with an expanding income, such as ours, not through the virtues of this government, as the Minister of Finance was careful to point out in his own speech, a tax of this kind would soak the poor. Every small householder whose home increased in value would be taxed under a proposal of this kind, to the extent of that increase in value. Every small farmer whose farm increased in value would be taxed to the extent of that increase under a proposition of this kind.

Moreover, in a period when unhappily there is a great deal of inflation, it might well be that although the figures in dollars gave an apparent increase, there would be no real increase at all or even a net loss in terms of real dollar value. In a country of this kind, expanding as it is, I can think of nothing that would have a more unsatisfactory effect on our economy than an attempt to tax those increases that come as a natural part of the growth and development of the country.

The rich people, you know, have a habit of being able to deal fairly satisfactorily with problems of this kind. Usually they are able to take care of themselves, particularly under a government which is so closely tied in with big business and is so solicitous of wealth, especially if it is foreign wealth. This government has unquestionably shown great interest in that field. Undoubtedly it has made it easier in a number of ways for those with wealth to meet some of these problems. The people who would be seriously affected by a capital gains tax in Canada would be the small farmers, the small householders and the small property owners generally. It would also discourage initiative at a time when there is so much evidence that we need to encourage initiative in every way possible. We shall certainly vote against a proposal which would produce such an unsatisfactory result.

I intend now to refer to something that has been very much in the press during the past few days, and which I believe is of very direct and immediate concern to every Canadian and everyone in the western world. I am referring to the visit to Great Britain within the next two weeks of Bulganin and Khrushchev. This is not an ordinary visit. This is the first occasion since the Russian revolution in 1917 that the head of the Russian state has come out to visit the western world. This is the first time there has been an opportunity for people in the western world to sit down in their natural surroundings and discuss affairs in this manner. I am not forgetting, of course, the visit of the Russian representatives to Geneva last year, but I recall that that was a broad international conference. The coming conference is to be one of those exchanges between the heads of state, one of those meetings which present unique opportunities for frank, confidential and open discussion of the great issues which concern us all at this time.

We have been told very frequently of the close relationship and the constant exchange of ideas between the governments of Canada and the United Kingdom. It is probably the only visit of this kind that will be made for some time by the heads of the Russian state to one of the great powers of the western world. Only yesterday, in the House of Commons at Westminster, Sir Anthony Eden said that the important problems of Europe would be discussed at this time, it does seem desirable that the Canadian government should indicate some of the subjects it hopes will be discussed in those conferences.

I am not suggesting for one moment that we abdicate in any way our right as a sovereign state to assert our own position through the ordinary channels; nevertheless here will be discussed at the very top level some of the most immediate problems and it would seem appropriate that the Canadian government express its own opinion as to some of the things that might well be considered in the interests of the western world at this time. It can do so not only by its representations to the government of the United Kingdom, but it will also be able to do so through its own representatives there, who undoubtedly will be afforded an opportunity on this occasion for personal contact with Khrushchev and Bulganin.

I believe that we all welcome the evidence of extended contacts between Russia and the free world, but I sometimes question whether the desire which is naturally in the hearts of every one of us for peace and security does not lead people to strange and unnatural manifestations of that sentiment on some occasions. I find it just a little difficult to understand the sentiments which led people to demonstrate in the way they did at Canterbury cathedral when Malenkov visited it two weeks ago Sunday under the guidance of the red dean. It was only a few days ago that General Serov left London. The friendly gestures which were extended to Mr. Malenkov were not extended to General Serov; in fact General Serov was described as a murderer and butcher, as he is.

The Russian response to that statement or to the opinions which were expressed was to withdraw Serov's name from the list of those who will visit Britain two weeks from now with Khrushchev and Bulganin. But do people forget that these are the employers of Serov, and that if Serov is a butcher and thug and murderer these people are the employers of that butcher, thug and murderer? That at least might be borne in mind before those of us in the western world who want to see friendship extended as much as possible go completely off the deep end in our efforts to convince the representatives of the Soviet empire that we accept their gestures at face value.

I believe these exchanges are good as long as the facts are clearly borne in mind. I believe it will be very good for Khrushchev and Bulganin to see Britain, and I think it would be a good thing if they could see North America, if they could come to Canada and the United States. I would think also it would be a very good thing if the Russians would extend the same facilities to similar persons from the west to visit with equal freedom different parts of Russia, and also make sure that the press of Russia gave the same coverage to those visits as the press of Britain and the free world is giving to the Russians at this time.

Let us keep it all in perspective. Let us hope that our natural desire for friendship and peace will not let the smiles which now constitute the new party line beguile us into forgetfulness of the dreadful reality that has not changed in any way. Let us not forget the millions who have been slaughtered. Let us not forget that these people who employ General Serov as the head of the secret police now have in concentration camps between 12 and 15 million people living under conditions as vile and terrible as those imposed by the nazis in their days of terror. These are things that perhaps it would be wise to bear in mind. It would be wise to bear in mind that nearly as many people as make up the whole population of Canada are now living in those slave camps, placed there without trial of any kind.

Having said that, let us not close the door to hope. Let us not admit that we have abandoned all hope of some rationalization of this terrible situation. But, Mr. Speaker, the remarks I am making now, at a time when this visit is impending, are made in the hope that what is said here may offer suggestions as to thoughts that would properly and appropriately be conveyed to the government of the United Kingdom at this time. In the discussions that take place in London let us hope that in addition to the opportunity for increased contact and good will we also test their good faith. Surely this would be a particularly good time to suggest to the representatives of Russia who are visiting the free world and seeing how we live that nothing will better encourage the free world to believe in their protestations than clear and unquestioned evidence that they are ending religious persecution in the communist states.

There is something more, and something I am inclined to think we have been far too ready to forget. The smiles that undoubtedly will be registered by the newsreel and television cameras during the visit of Khrushchev and Bulganin will not mean very much to some 150 million people who were enslaved by the Russian armies and have not yet been freed. These smiles are not going to mean very much to the people of Poland, of the Ukraine, of Czechoslovakia, of Hungary, Bulgaria, Roumania, the Baltic states or East Germany, where the Russians are exercising control completely contrary to the Potsdam arrangements. These smiles will not offer any encouragement to them unless something more is done.

This is the time to point that out. This is the time to say with frankness and good will, "The best evidence you can give us of your good faith is that you now carry out the undertaking that was implicit in the charter of the United Nations signed at San Francisco in 1945". I do not know why we are so reluctant to emphasize this point. I do not know why there should be any tendency to say that the Russians would not do it and then not put the argument forward. After all, they are constantly pressing their points. They are constantly talking about colonialism. The same Khrushchev and Bulganin were fairly free in their comments when in India last December. They do not hesitate to condemn the very reasonable exercise of authority that has been extended by the western world in many parts of the world, to the advantage of those countries in the end in almost every case.

Surely the time has come for us to talk about the very worst form of colonialism that has existed in all history. Surely as people sit down and talk to these men it is proper to say, "If you really mean all this then now is the time to agree with us that exactly the same thing be done that was done after the first world war. Agree with us that votes should be taken in the satellite states". Remember, not one of these satellite states joined Russia even by a communist coup except in the case of Czechoslovakia. Every one of these states was overrun by the Russian armies moving forward to attack Germany. They have remained there and imposed their will by force and terror, and still do.

Now is the time to say that if there is good faith, if this is a new deal, if this does represent a new attitude on the part of Russia and an acceptance of moral obligations, then let there be agreement that under the auspices of the United Nations there will be a vote in each one of these countries to decide what kind of government they will have. What reasonable objection could Russia have to such a suggestion? If they say these countries want communism, then let these countries declare it by a vote that is completely free under a committee on which there is Russian representation as well as representation from the west. Surely we can do what was done under the league of nations, and done in different areas. A vote of that kind was taken in the Saar only a few weeks ago under different auspices. This is nothing new. This is a tested method of asserting in practical form the principle that was declared first of all in the covenant of the league of nations in 1919 and later in the charter of the United Nations in 1945. What better subject could there be for discussion than a discussion of the reality that presents itself to us at this time?

Then I come to East Germany. There is no reason why we should perhaps place East Germany in a position of special favour. People have good reason to recall that twice

within the memory of many of us here Germany has sought to dominate the world by military power. Many here in this chamber took their part in stemming the tide of aggression let loose upon the world by different German governments in two world wars.

There are, however, special reasons why we should bear East Germany in mind. This is no academic problem for the university classroom. This is no problem for discussion groups alone. This is the most vital problem affecting the future of our people at this time. For more than a million Canadians what happens to the satellite states is something of deep and immediate concern. These countries now enslaved are the homelands of more than a million of our people here in Canada.

But for every Canadian those countries have a special appeal on the ground of the moral obligations we undertook. Surely this is a time to recall that this country went to war in 1939 because Poland was attacked. We went to war for as high a principle as has ever taken men and women along the road of sacrifice. That principle was the right of every nation to establish its own form of government by its own choice. That principle is now at stake.

But East Germany can be of even greater concern from the practical point of view. There is no use arguing now the right or wrong of what was done. When the western powers agreed to let Western Germany rearm, they not only gained a powerful ally in western Europe but forces were let loose which should be carefully watched. In five years West Germany will be rearmed. In five years West Germany will probably have an army of over one million highly trained men. They will have the latest type of aircraft with all the advantages that have been gained by the inventions of the western world. We know only too well that their armour and their artillery will be of superlative quality.

What a rearmed Western Germany will do five years from now if East Germany has not yet been united to it under such a free vote as I have suggested should be the concern of every one of us at this time. Can anybody be in any doubt as to what is going to happen unless unification takes place before that time? Look at the map of Germany. There are many here who have been in Germany. Those who have been there remember that Berlin is over 100 miles beyond the iron curtain, far into East Germany.

I hear someone opposite say that is a pretty bald statement. It is. Has anyone forgotten what a much weaker Germany did when they invaded the Rhineland before the last world war? Berlin is still the capital of Germany in the hearts and minds of all Germans. There is no higher obligation of statesmanship at this time than to bring about the unification of both parts of Germany. Otherwise you have two explosive forces kept apart. The situation is like those terrible devices that were placed in ships leaving the United States in the first world war. They were small containers that had at one end one kind of acid and at the other another kind of acid. In between was a plate that would be steadily eaten away. When that plate was eaten away there came the explosion and the fire. Something of the same kind exists in the situation I have described. Hence now is the time to insist that in East Germany and the satellite states the obligations of the United Nations charter to which Russia is a signatory shall be fulfilled.

Only yesterday our minds were called back to the great battle of Vimy. There are many who will remember that dreadful day. There are many who will remember the slaughter on that occasion. It is a good thing that we should remember the price that has been paid for this freedom of ours. It is also wise to remember the dreadful cost of war. At such a time as this it is a good thing not to forget that time is running out. When we watch the smiles of the heads of the Russian state we should also recall that there was a period of sweetness and light before the last world war. I think we all recall that the then prime minister of Canada, the late Right Hon. William Lyon Mackenzie King, visited Hitler and came back with the report that he was sure Hitler had no intention of carrying out aggression. That was as late as 1937.

Mr. Habel: What about the article you wrote?

Mr. Drew: Oh, yes; I wrote an article entitled "Germany prepares for conquest". If you like I will send a copy of it to you. I do not hesitate to recall the fact that I said then that all the evidence was that Germany was preparing for aggression. I am not raising this part of our own history in order to embarrass anyone. I recall that there were others who were equally beguiled by the smiles. I remember that there was a man named Ribbentrop who became very popular in the western world but who was later hanged at Nuremberg. We have seen those beguiling smiles before. Has anyone forgotten the words of that completely sincere prime minister of Britain who, returning from Berchtesgaden, said he believed that Hitler had no aggressive aims? As he got off the plane from that famous and tragic trip he used the words "Peace in our time".

Let us not forget that comparatively recent history. Let those of us who lived through that period of Hitler make sure that the younger generation, who were not even alive at that time, remember the similarity to some of these events. That was the period when the second world war could have been prevented. We have that statement on the authority of the greatest statesman of modern times, if not of all time, namely Sir Winston Churchill. If the western nations had stood firm on that occasion—not denying any evidence of friendship that might be extended but standing firm in their own faith and conviction and not forgetting the dreadful realities that were there—there might have been no second world war.

Mr. Gardiner: Mr. Speaker, I do not wish to take any exception to the general trend of the arguments of my hon. friend, but in looking over the membership of the house at the present time I think probably I am the only one now in the house who was a member of the government when Mr. King came back from Germany, and the reference made by the Leader of the Opposition was not the report which Mr. King made.

Mr. Drew: Mr. Speaker, it was the report and the record speaks for itself. As I said before, Mr. King was not alone. I pointed out that the then prime minister of Great Britain, a very earnest prime minister and a man with wide experience—

Mr. Gardiner: I am not saying anything about that, but I do want to say I was a member of the government and heard the report when Mr. King returned here and that was not the report.

Mr. Drew: This would not be the first time during this session when the minister has been extremely wrong in the statements he has made.

Mr. Rowe: I heard him make the statement right in this house.

Mr. Drew: I was not questioning the earnestness of the prime minister of Canada on that occasion, and the right hon. gentleman who has interrupted me twice should not be so sensitive. I did not know he accepted any responsibility for it.

Mr. Gardiner: I am not accepting any responsibility, but I like to hear the truth.

Mr. Drew: That is one of the most encouraging things that has happened during this session. It is a refreshing change. We want to hear the truth as well, and we want to hear accurate statements from ministers opposite, which we have been getting on very few occasions since this session began.

Again I come back to the fact that on this occasion I was merely illustrating that men who were earnest, men who sought to interpret events with the hope of peace in their minds, were beguiled. All I am suggesting is that we be warned by what happened on that occasion, and what happened to the government of which the minister was a member, because he remembers how hopelessly unprepared this country was as a result of their folly.

Mr. Gardiner: That is exactly why I am calling my hon. friend's attention to the statement he made a few moments ago. It is not correct. The statement which was made here at the time suggested had to do with trying to get a sufficient amount through this house to make proper defence possible.

Mr. Drew: It is a pity that nobody carried out that intention, because it was not done. The fact is, as the minister should know if he does not know, that no steps were taken at that time to prepare effectively for the war which many people saw coming. It will be recalled that at that time so convinced was the government of which the minister was a member that there was not going to be a war that they would not even let the R.A.F. train in Canada in preparation for a possible war.

Mr. Gardiner: None of these things has anything to do with the point in question. I am simply saying the statement which has been made by my hon. friend in regard to Mr. King's report when he came back from Germany is not correct.

Mr. Fleming: There must have been two reports, then.

Mr. Drew: I shall proceed with my remarks, Mr. Speaker. The minister is well aware of the events which occurred at that time, and whatever other things this government can claim—I would be the first to concede that there are many things this or any other government can claim that it has done—one was not to prepare for the last war. This government, which is now welcoming with open arms United States control of our many great bases, would not even let British pilots train here at a time when they did not have room to train in Britain.

Mr. Gardiner: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Gardiner: On a question of privilege—

Mr. Speaker: Order. May I suggest that the Leader of the Opposition proceed with his speech. If the Minister of Agriculture wishes to speak after that, he can take the floor.

Mr. Hodgson: You do better with the South Saskatchewan dam.

Mr. Drew: I wish now, Mr. Speaker, to deal with a subject that is very closely related to the subject I have been discussing, as has been illustrated by some of the interruptions which have been made. I refer now to a figure in the budget. It has been said by many that this budget contains nothing worthy of comment. In some ways that is true. There are, however, one or two things that are worthy of comment and that demand comment. One of them is the truly remarkable figure of $1,775 million for national defence, exactly the same figure as last year. This figure speaks for itself. Nothing more clearly reveals the utter bankruptcy of initiative in this government than to place a figure in the budget which everyone recognizes is given without any attempt to examine the requirements of national defence carefully.

It is not possible that we would have exactly the same figure if there had been any attempt of any kind to examine this subject. In fact I do not believe there is an hon. member opposite, even including the Minister of Agriculture, who would assert that this represents a considered opinion in regard to the requirements of national defence. It is simply a figure taken out of the blue. It is simply a figure that says in effect, so far as the Minister of Finance is concerned, "Well, with a crowd like this what is the use anyway?" He found he was not able to get any assistance from his colleagues, so he just put in exactly the same figure.

A figure of that kind invites extravagance. It is put in without any attempt to examine the changes that have been taking place. Where is the evidence of the changes that have taken place both in the United States and Great Britain in regard to the organization of defence units? Surely every hon. member saw a description a few days ago of the organization of airborne divisions in the United States. This is something we have been urging now for several years. It is something we have been urging as the rational approach in Canada to the problems of national defence.

Why is it that every senior officer who has been free to speak has criticized our military organization? I certainly do not agree with everything that has been said in those criticisms. I certainly do not agree with some of the proposals that have been made. But it is significant that senior officers who have been charged with the secret responsibility of dealing with our defence forces, when they have gained their freedom to speak have indicated their dissatisfaction with the organization as it now exists. We Canadians for years have criticized the fact that, excellent though our permanent force may be—and it is—the bulwark of defence in Canada is the militia, the volunteer forces in the air force and navy. It is there that the great pool of manpower and womanpower is created. There is not an hon. member in this house with any contact whatever with the militia forces at this time who does not know that our militia is hopelessly unequipped and unprepared. Any hon. member who does not know should examine what the situation is in regard to armour, in regard to artillery, in regard to other equipment of that kind. In spite of all the money we have been spending the militia is not in a position to mobilize if that dreadful necessity should come. When the first world war broke out it was possible to mobilize in Canada. When the second world war broke out it was possible to mobilize. Today it would not be possible to mobilize the militia; yet we are spending these vast sums of money.

I asked that this subject be referred to the committee on estimates. I wrote to the Prime Minister asking that this be the first subject to be placed before the committee on estimates. That was not done. This is the second year this unsatisfactory experiment is being carried out by a truncated committee with no powers; but with great care the government is avoiding bringing before the committee the one subject that should come before it with highest priority. This cynical figure, exactly the same figure as last year, makes it clear that there should be such an examination. I would not want this subject to be referred to a committee which has no teeth, the committee on estimates which has been denied any effective power.

There is, however, a way in which the Prime Minister could give this house some evidence that the government is really anxious to tackle the national defence problem. We have several standing committees of this house. Those committees deal with various subjects. The standing committees now set up are: the standing committee on privileges and elections; the standing committee on railways, canals and telegraph lines; the standing committee on miscellaneous private bills; the standing committee on banking and commerce; the standing committee on public accounts; the standing committee on agriculture and colonization; the standing committees on marine and fisheries; mines, forests and waters; industrial relations debates and external affairs. Not one of these subjects is nearly as important as the subject of national defence.

It would have been ineffective if this subject had gone before the muzzled committee that was set up by the resolution presented by

the government. I ask the Prime Minister now to take the appropriate steps to set up a standing committee on national defence, which will continue as a standing committee and deal with the responsibilities of government which account for nearly half the total expenditures, when we include all the incidental requirements of national defence. If that were done right away there would be plenty of time to bring before that standing committee experts in the various fields and find out what the facts really are; find out just how many artillery units could go into action in Canada; find out how many armoured units would be in a position to carry out any real military duties; find out what the real state of the equipment of our different militia defence units really is at this time.

Such a committee also could call before it the senior officers who are now free to speak. It would be much more useful for them to speak before such a committee than at the various places they are now speaking. I am not criticizing the speeches they are making. I do suggest, however, that the place where their statements would be most useful would be in a standing committee such as I have suggested. From such a standing committee, a committee similar to those we have in regard to much less important subjects, we could have constructive proposals which undoubtedly would result in tremendous savings in many lines, and probably increased expenditures on some of the technical equipment that is required.

Certainly one of the things that could be done would be to examine into this question of an entirely airborne army able to move in a matter of hours to any part of Canada or any part of the world. That is no longer a visionary thing; it is a reality, an airborne army in which the infantry, the artillery, the armour, the engineers and all the ancillary units are carried by aircraft to the points where they may be needed. Suppose, for the sake of argument, that paratroops were dropped in some of the distant areas of our northland. How much use would some of the static units be that we are now training? At any rate, let that be examined; let the whole organization be examined. And I repeat, in the face of the obvious need for such an inquiry, in the face of that cynical figure, the exact figure used last year without any change, I urge the Prime Minister to give evidence to this house and to the people of Canada that the government really desires to organize our national defence for the effective protection of this country.

Now I wish to deal with something else that is not entirely unrelated to that subject. One of the most interesting developments in the United States in the last couple of years has been the extent to which oil and gas pipe lines have been recognized as part of the general program of national defence. The present budget makes it clear that in spite of the bland assurances we have received from the always optimistic and usually inaccurate Minister of Trade and Commerce, there is no expectation at all on the part of this government that the eastern section of the pipe line to eastern Canada will be started this year.

The fact is that there is no clear policy of any kind in regard to this subject. There is no clear policy as to what is to be done in regard to these enormous resources of gas now available, as well as oil. This government has been dilly-dallying in a confused and hopeless manner with a vitally important subject because of the fact that they have committed themselves to a particular gentleman who obtained a franchise from this government. It is true that the interests have been extended in recent times.

This is a subject in regard to which there should be some policy. This is a time when it would be appropriate that such a policy be announced. We read in the papers about interviews that have taken place between a gentleman named McMahon and the government in regard to possible pipe lines. We, of course, only know what the papers tell us. We are merely members of parliament. It is the usual way we find out the facts. That is usually where the government gives the information that should be given here. There are suggestions that there have been other discussions. We do not know. At least we should have at this time some statement of policy in regard to this matter.

I suggested at the very beginning of this session that this question be referred to a committee. I pointed out that it could be referred to one of the standing committees and the facts obtained in regard to this very important subject. There are many places in Canada where pipe lines will be built. Already one is being constructed over the Rockies to the western coast. There has been much talk of one to come east, and undoubtedly other pipe lines will be built.

This is a subject which should be explored and in regard to which the house should be fully informed. The government should discuss this subject with the railways of Canada instead of helplessly saying there is only one way in which this can be done. Let the government explore the possibilities; let it see what the railways can do. They have rights of way now. We are told about the difficulties which exist in northern Ontario. Well, long years ago those difficulties were overcome by a free enterprise railway with the assistance of Sir John A. Macdonald and his associates in the government of that day.

The very fact that the difficulties were overcome has some bearing on the immediate problem. We all know from flying over that area that there are many lakes and rivers and many jutting hills in the north which make it a difficult area through which to create new rights of way for railways or for any other purpose. Why not explore the possibility of taking advantage of the rights of way that have already been established by the Canadian Pacific Railway and the Canadian National Railways across that northern Ontario stretch?

There is nothing visionary about this; it has already been done elsewhere. In the United States the Southern Pacific Railway has done that very thing. It formed a subsidiary company and last year it built an oil pipe line which was completed in January of this year. It is not a small pipe line. It is 1,500 miles long and extends from the refineries at Los Angeles east to Phoenix, Arizona and to the military fields in that area; then it proceeds from there to Tucson, Arizona. The greater part of that oil pipe line is within the actual right of way on both sides of the rail line of the Southern Pacific Railway. At some points where sharp contours suggest the advantage of short cuts the line cuts away from the right of way, but generally it follows the right of way.

The Southern Pacific Railway has not stopped there. Through its subsidiary it has now projected the construction of a further pipe line eastward from the refineries around San Francisco bay to Reno and on to an airbase at Salon, Nevada. That pipe line is about 700 miles long, making a total pipe line operation of about 2,200 miles built by a subsidiary of the Southern Pacific Railway. This subsidiary is a common carrier. The oil companies in the area served by that common carrier avail themselves of the facilities, and then the oil is sold in the east and distributed by the ordinary distributing organizations.

I merely put this forward, Mr. Speaker, as an indication of what can be done. This has been done elsewhere. The reasons for doing it in the United States are not nearly as great as they are in Canada, where it is costly to create new rights of way through difficult areas. There is no essential difference between oil and gas pipe lines. This is something that should be explored immediately. We know that Alberta has vast quantities of natural gas; Saskatchewan, Manitoba, Ontario and Quebec want that gas. This is the time for action.

I have already pointed out that the minister told us in this house only ten months ago that he did not like the method, the third method, that was then being considered. I refer to the third method, the one which is now before us. I ask the Prime Minister once again to tell us why he now accepts the method he did not like, and I urge him to see that without delay the government examines what is being done in the United States and examines the possibility of getting our own railway companies to co-operate in this matter in order to have our pipe lines controlled by Canadians for the benefit of Canadians.

What happier augury could there be for the future development of these great services than to have those rights of way which were created with such hardship many years ago in the days of Sir John A. Macdonald provide the opportunities for the new common carrier at this time. This is something that would challenge the imagination of every Canadian. It is something that would make is possible to get ahead with this proposal which has been delayed for far too long. We want to see pipe lines built in this country. We want to see Alberta gas used in the east and in the west. We want to see it used to the greatest possible advantage of this country.

I want to speak about another subject which appears in the budget and which certainly should not be ignored, and that is the truly unique proposal in regard to the taxation of certain magazines in Canada. In his remarks the Minister of Finance asked us what it would be like to contemplate the possibility of having no Canadian magazines expressing Canadian thoughts on Canadian subjects. Without putting this on a personal level I think I can say that no member of this house has been more vocal than I, either in this chamber or outside it, about the need for truly Canadian thought and the development of a real Canadian culture upon a natural and sensible basis.

Perhaps it is not inappropriate if I recall that I have been a fairly extensive contributor to Canadian magazines on different occasions, and for that reason I have some personal knowledge of this subject and some personal interest in the extension of the facilities offered in this field. I believe there is a great need in Canada for a far greater emphasis on Canadian achievement at this time than is possible under the circumstances that exist today. I believe those Canadian magazines that are serving Canada are doing a splendid job. I think they deserve great credit because they are carrying on their task under great difficulty. Nevertheless any one of us who goes into any book store finds the shelves filled with reading material of a nature that I could not describe in terms which would be permitted in this house. It is material which is destructive, which serves no useful purpose. Certainly if the government is going to try to tackle this problem I

think it might well tackle it at that point. Some of these filthy documents that come in, some of these crime comics and things of that kind, might well call for attention by the government in any greater emphasis that may be placed on Canadian achievement.

I noticed just a few days ago in one of the publications with a very large circulation that comes in here—I imagine the same statement was repeated in advertisements in others—that Captain Eddie Rickenbacker was the ace of aces. Captain Rickenbacker is now president of Eastern Air Lines and is a most admirable and courageous gentleman who deserves full recognition for the part he played in the United States air force in world war I. However, it is perhaps not inappropriate for Canadians, especially young Canadians, to remember that there were at least 15 Canadian pilots who shot down more German aircraft in the first world war than Captain Eddie Rickenbacker.

The official figures given out at that time were that he had shot down 21 aircraft, but I notice the figure in this advertisement is 26 aircraft. I do not quarrel with that change, but I would recall—and this is something young Canadians might well recall, not to glorify war but to show the stuff of which our young people are made, those who lived at that time and those who are with us now—that in the first war, when aircraft for the first time in history took part, the greatest pilot in the western armies was Colonel Billy Bishop, who shot down 72 aircraft. Not far behind him was Colonel Collishaw who shot down 61, and not far behind him was one of the most gallant airmen who ever lived, Captain Billy Barker, who shot down six German aircraft in one day. Only two behind him was a gentleman whom I like to remember at this time. Just as Eddie Rickenbacker is still serving development in the air as president of Eastern Air Lines, we have as executive assistant of Trans-Canada Air Lines a most gallant gentleman in the person of Group Captain MacLaren, who shot down 48 German aircraft and six German balloons. He is still doing a magnificent job day by day serving Canada in its civil air development.

I want to see these things kept alive by all means. Let us give men like Captain Eddie Rickenbacker full credit, but let us remember something of what our own people have done. Let us remind our own youth what they have done in the first war, in the second war and in the days of peace as well. I want to see that done. I want to see Canadian magazines serve Canadians; I want to see Canadian publications serve Canadians; I want to see Canadians assert their own position in every field. I only wish this government were nearly as solicitous about some other aspects of the Canadian economy as they purport to be about Canadian magazines on this occasion.

The desire to have a truly Canadian expression of opinion, a truly Canadian recording of our own history for our own use, does not justify a discriminatory tax of the kind which is now proposed and which is without precedent in this or any other jurisdiction. I must say that I would like to know who really is the father of this unnatural child. I do not believe that the Minister of Finance conceived this strange offspring.

It is strange that this proposal should be put forward by this government, extremely strange. In an effort to encourage Canadian magazines the Bennett government imposed a uniform tax on all foreign magazines coming into Canada. It is a late day now to argue whether that was right or wrong. It was done, and it was this government that repealed that tax. Whether or not that was the best method, at least it was a uniform and not a discriminatory tax. If this government have some better method let them produce it, but do not let them bring in this strange thing which is half-baked, impracticable and completely unsound as a method of taxation.

However, there is one particular reason why this government finds itself in a strange position when asserting this principle. I hope the Prime Minister will speak on this particular subject. I hope the Prime Minister will tell us why the government which professed such concern about any taxation on magazines now imposes a tax of this kind. There is a special reason why I would like to hear from the Prime Minister as to why they have imposed this tax. Nothing shows better what a completely half-baked idea this is than the action of the government itself in regard to television. The government tells us that it is concerned about any possibility of Canadian thought and culture not being disseminated through Canadian channels, but what is this government doing with television and radio? This is something which involves Canadian ideas, Canadian writers, Canadian workers and Canadian culture.

If this government believes in dealing with this problem let it start with its own organization which it controls, and controls so rigidly. The C.B.C., which is directed by this government so carefully, buys United States programs which involve the employment of writers in the United States, of actors in the United States, of news commentators in the United States, of stage hands in the United States, of musicians in the United States, and of all those who are engaged in what we call entertainment and culture.

The C.B.C. buys these programs with money put up by the Canadian taxpayer. It

buys some of these as live programs and it buys some of these in film form. This government which is so concerned about magazines buys these before they even know who the advertisers are. It buys such programs as will be helpful to Canadian culture as "I Love Lucy", "The Honeymooners", "Mama", "Father Knows Best", "Studio One", "Disneyland", "The Ed Sullivan Show" and a score of others in the same category. I do not know under what rule of Canadian culture these programs are bought by the chosen instrument of this government, but they are bought and then sold to Canadian advertisers. Canadian advertisers sustain these United States actors, writers, stage hands, musicians and others working on these programs who deny Canadians the possibility of presenting programs that might have been shown. The Canadian taxpayer, of course, puts up the money.

It is an interesting thing. They go far beyond anything contemplated by the magazines. They subsidize these United States programs. They are not even satisfied to deny the principle they assert with regard to magazines. They not only buy these programs and then tell advertisers what they can have and for how long, but they sell these programs for an average of 40 per cent less than they pay the United States producers for them. The Canadian taxpayer puts up that money. That 40 per cent is part of the budget now before us. That 40 per cent is part of what this government does to protect Canadian performers, writers, actors and others. Oh, of course I should not forget that the live shows are brought in by the microwave relay maintained by the Canadian taxpayer. They could not be brought in in any other way. That does not appear as a special item in the budget.

This government which expresses such concern and decides that we are going to be 20 per cent Canadians, this government through its own agency is putting up Canadian taxpayers' money to make perfectly sure that at least half our programs in this country will be created in the United States, employing Americans in the process.

Mr. Rowe: Champions of culture.

Mr. Drew: Before I leave this subject let me also deal with the statement made by the Minister of Finance that because these magazines were really dumped here, having been paid for first in the mass media market of the United States, they were able to sell their advertising cheaper. May I point out that this statement is entirely incorrect. I have here the advertising figures based upon the latest rate cards issued by the different magazines. These are the advertising rates for full pages per 1,000 circulation and are as follows: *Time* magazine, $7.44; *Maclean's*, $5.97; *New Liberty*, $4.95; *Weekend*, $3.69; *Star Weekly*, $4.16 and *Chatelaine*, $6.34. It will be seen that *Time* magazine charges the highest line rate per 1,000 editions for a full page advertisement.

I think we should also realize that the Canadian magazines have a large circulation and are not without opportunities to express their opinions. *Time* has a circulation of 170,000 in Canada. *Reader's Digest*, with its English and French editions, has a circulation of 900,000. But these are the circulations of the Canadian magazines: *Star Weekly*, 913,000; *Weekend*, 1,400,000; *Maclean's*, 510,000; *New Liberty*, 500,000 and *Chatelaine*, 400,000. As a Canadian I am very glad that there are these large circulations. I want to see these circulations maintained. I want to see Canadian programs maintained on television and radio. I want to see Canadian ideas distributed in every way. That will be done by other methods than this weird and hybrid form of taxation which has now been placed before us.

There is a real problem here, Mr. Speaker. I think there will be common agreement with the general purpose of widening as much as possible the dissemination of Canadian ideas. I hope the government will reconsider its position in regard to this particular proposal. Before the government does anything of this kind let it start by putting its own house in order. Let the government through its own agency encourage Canadian programs. Let the government make it quite clear to its agency that, at any rate, it is not going to subsidize United States programs with the Canadian taxpayers' money. Let it encourage, in the reasonable ways it can, Canadian writers, Canadian artists, Canadian performers, Canadian musicians.

Today in this field the government is the worst offender. On the basis of the assertion made by the Minister of Finance it is to be hoped there will be immediate action to deal with this problem. Let us, however, deal with the problem as a whole. We still have three or four months before this session will be over. Let this problem be brought before the members of the house in such a way that it can be examined detached from the budget. In the meantime, on the basis of its own preposterous action with regard to television, let the government in common sense drop this discriminatory and impractical tax, start all over again and for once seek the assistance of the members of the house in solving this very important problem.

I said that the government should seek the assistance of the members of the house. It is time it did. For long years great concern

has been expressed about the diminishing authority of parliament and the way in which the government is taking unto itself the business that we are sent here to do on behalf of the people of Canada. This government treats parliament with contempt. What should be remembered is that we are merely the people's representatives. The government is treating the people of Canada with contempt. It is denying not to us but to the people of Canada whom we represent, information which should be available to every one of us.

Let me give a recent example of the kind of answers this government gives. I had hoped that when the hon. member for Halifax (Mr. Balcom) spoke yesterday he might have mentioned this. Just before the Easter adjournment he asked this question, as found at page 2587 of *Hansard:*

> What industries have been organized and are operating in Nova Scotia since 1951, through the assistance of the small industries division of defence production·

This is the answer of the Minister of Defence Production (Mr. Howe), and a typical answer it is:

> The small industries division of the Department of Defence Production was created in 1951 to ensure that all segments of Canadian industry, particularly small industry, were given an opportunity to participate in the defence production program. Its chief function was that of a service division, to assist and advise those firms seeking either direct contracts from the Department of Defence Production or subcontracts from the department's prime contractors. In order to accomplish this, the small industries division until 1953 maintained representatives at various locations across Canada, including a representative in the maritime provinces who assisted a number of Nova Scotia contractors in the manner above outlined.

Mr. Rowe: Very clear.

Mr. Drew: Mr. Speaker, that is not from "Alice in Wonderland". That is from the records of this house. That is the answer given to a question as to what industries have been organized and are operating in Nova Scotia since 1951, through the assistance of the small industries division of defence production. This government carries secrecy to the point of a mania. It is secretive when there is no reason for secretiveness. What earthly reason was there for a vague, uninformative and meaningless statement of that kind in answer to a perfectly clear question? The answer probably is that they have done nothing. Why did they not say so? But this is a typical answer.

This is something that has been under discussion for a long time. I go back to the year 1909, a long time ago. On that occasion Sir Robert Borden, then the leader of the opposition, is reported in volume I of *Hansard* of that year at column 368 as follows. I just wish to quote a few words because they indicate the concern felt then:

> We hear a great deal, both in the United States and in Canada, of the decadence of our legislative institutions, the decadence of the influence of parliament, in these latter days, when almost all the work of government is confined to the members of the cabinet.

I wonder what Sir Robert Borden would have said if he had been confronted with the disregard of parliament that has been shown throughout the whole of this session? I think he would have exploded. Can anyone imagine what Mr. Mackenzie King would have said if he had been denied information in the way in which we have been denied it? As a matter of fact, he said a few things, and this was one of them. I quote from page 36 of *Hansard* of 1935 what he said in the House of Commons on January 21, 1935:

> I have said that one of the supreme efforts of this administration has been stealthily to alienate the authority and control of parliament, to take power into its own hands and away from parliament with respect to many of the important affairs of the nation.

Mr. Speaker, at that time no one would have dared do what this government now does. They did not set up a committee from which they had first drawn all the teeth so it could not even masticate the problems that came before it. They did not set up committees which were only propaganda agencies for well-prepared representatives of the government to put over their fancy ideas when the committees met.

I can imagine what would have been said by Mr. King if anything had been attempted such as was attempted here. I ask those members who still recall his assertions on behalf of a free parliament what he would have said if he had been confronted with some of the things that have been done in this parliament, such as the falsifying of *Hansard* by the Minister of Agriculture (Mr. Gardiner); the inaccurate answers of the Secretary of State for External Affairs (Mr. Pearson); the ignorance of his own department shown by the Minister of National Defence (Mr. Campney); the reckless disregard of the facts—I am keeping within the rules, Mr. Speaker—displayed by the Minister of Trade and Commerce (Mr. Howe) who over and over again talked about an order in council of July 7, who chided my friend the hon. member for Eglinton (Mr. Fleming) when he forgot that important fact, and who did not of his own volition tell the house that there was no order in council. Let us remember that. The only reason he told us there was no order in council was that I had asked the Prime Minister to produce that order in council and he had agreed to do so. Then,

and only then, the Minister of Trade and Commerce had to admit that there was no order in council.

Mr. Speaker, there were times when governments would not have tolerated answers of that kind. The Prime Minister has the highest measure of responsibility under our system. He is asked by the representative of the crown to form a government, and he is responsible for the conduct of the whole government. He has not acted upon conduct which would have called for extremely stern measures in other parliamentary bodies which operate under methods similar to our own.

May I remind you again of words spoken by his predecessor as far back as June 30, 1920. I refer to the *Hansard* record, at page 4540 of that day. This is what was said by the man to whom the present Prime Minister has paid such great tribute:

> The business of the country should be carried on in the open on the floor of this parliament in such a manner that the government will be obliged to take into their confidence not only the members of parliament but the people of the country whose money they are voting to expend.

Mr. Speaker, with whatever disagreement any member of this house may express his opinion with regard to some things that were said by the predecessor of the present Prime Minister, let it be said that those words clearly expressed what the attitude should be to the people's representatives here in parliament. The business of this country should be carried on in the open. I would ask you to remember that the Minister of Citizenship and Immigration (Mr. Pickersgill), when asked a question about the Caughnawaga reserve which he did not want to answer, made the pretence that he wanted a debate on the subject and availed himself of the rules in order to achieve that result.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege. I was asked no question that I did not answer. I followed the rules with respect to a motion.

Mr. Fleming: You took advantage of them.

Mr. Drew: Mr. Speaker, the Minister of Citizenship and Immigration dodged an extremely important question, which should have been answered, by a device which produced a highly improper result. That action was merely symptomatic of a general condition. There is contempt of this house shown in everything this government has done. We now start the second stage of this session. We hoped that there might be some expedition in dealing with the business of this house. Mr. Speaker, the Minister of Finance applauds. The Minister of Citizenship and Immigration wags his flipper.

Mr. Garson: What exquisite wit.

Mr. Drew: But I would point out that if there has been any delay in dealing with the business of this house, it has been the result of all the confusion that has been created by this government in the handling of the business of the house, and by the deliberate evasion of the responsibilities of the government to this house. No worse example could be offered than that which was presented by the Minister of Trade and Commerce on the proposal to set up a committee to examine into the role of government in the field of non-military research in Canada, including operations in the field of atomic energy, and the operations of the national research council.

That motion stood on the order paper from the beginning of the session. It came before this house on February 24, six weeks ago. That is an important committee. The motion was debated for one day and then was dropped. It is difficult to believe that there was any sincerity whatever behind the government's proposal that this committee should be set up. How does the government explain holding back the discussion of that motion? It was difficult to explain why they waited until February 24, but how do they explain holding this matter up now? It was up for discussion for one day and then it stood on the order paper. We now enter the second stage of this session and the time is extremely short within which this subject could be dealt with, even if this motion were brought forward and passed this week. I am reminded that it was up briefly a second time, but the Minister of Trade and Commerce became impatient and the debate did not go on very long.

Mr. Harris: On a question of privilege, Mr. Speaker, since the minister is absent, both the Leader of the Opposition and the hon. member for Eglinton who prompted him know quite well what happened and why that debate did not conclude at that time as was agreed in this house, that we would vote on it and get on with the work of the committee.

Mr. Drew: Since the Minister of Finance has said I know, Mr. Speaker, any measure of secrecy is withdrawn and I will say I do know. It was because the Minister of Finance said the Minister of Trade and Commerce was annoyed because there was any debate on this measure.

Mr. Harris: I made no such remark, sir.

Mr. Drew: That is exactly the way this house is treated. Just because we are not yes men to the Minister of Trade and Commerce, the way some others are in this house, then we do not deal with the business

of the house and this stands on the order paper. I repeat that what has happened in this house from the very beginning has been contempt, not of the members of parliament but of the people of Canada. It is to be hoped that this will be dealt with in the only way possible, and that is for the Prime Minister to take responsibility from this point onward for the restoration of the rights of parliament and a return of the business of the people of Canada to their elected members here in this house.

Mr. A. M. Fraser (St. John's East): In rising to take part in this debate I should like first of all to offer my sincere congratulations to the Minister of Finance on his sound and eminently businesslike budget.

Mr. Martin: That is the first reference all day to the budget.

Mr. Fulton: There is nothing in it. You cannot talk about nothing.

An hon. Member: You have been talking for two hours about nothing.

Mr. Fraser (St. John's East): It is my purpose to congratulate him most heartily on the report he brought down for the financial year which has just ended. As you will remember, Mr. Speaker, a year ago the Minister of Finance, after introducing substantial reductions in tax rates, forecast a deficit of some $160 million. A week or two ago he was able to tell us that deficit had been cut by more than two-thirds to $52 million, a very gratifying result, I think, and the more so because of the substantial reductions in tax rates last year.

Now, Mr. Speaker, the budget speech and the white paper which accompanied it showed us very clearly the flourishing condition of the Canadian economy as a whole, a condition which I think must be a source of pride and satisfaction to all of us in Canada. The gross national product for 1955 reached the figure of $26·5 billion, a real increase because as we know there was no appreciable change in price levels. This gross national product was 10 per cent above that of 1954, and perhaps even more significant was 9 per cent above the peak year of 1953. Yet all of us, Mr. Speaker, recall that last year when the Minister of Finance forecast a gross national product of $26 billion, his estimate was derided by the opposition as fantastically optimistic. We can all remember that dismal chorus of gloomy prognostications which sounded like a dirge from the prophets of woe sitting on the opposition benches.

But what has happened? The minister's estimate of the gross national product has been exceeded. He has confounded his critics; and his confidence, and the government's confidence, in the boundless resources of this country, in the skill and energy of the people of this country, has been completely vindicated. This rise in gross national product, Mr. Speaker, was reflected in increased employment. As the white paper states, the national average of employed persons in 1955 was 5,328,000, a 2·5 per cent increase over 1954 and 1·5 per cent increase over 1953. What I think is particularly important, Mr. Speaker, is that this increase was a steady increase. It was higher than in 1954 in every month except January, and higher month by month from May onward than even 1953. This increase in employment was accompanied by an increase in wages, salaries and supplementary labour income in 1955 which reached the magnificent total of $12,861 million, an increase of $872 million or 7 per cent over 1954.

There was unfortunately, as the house knows, a fall in farm cash income of $55 million in 1955. However, apart from that single exception of farm income, all forms of income increased. There was an increase in interest, dividends and net rental income from $1,825 million in 1954 to $2,010 million in 1955, a rise of $185 million or 10 per cent. There was a rise in net income of non-farm unincorporated business from $1,645 million to $1,753 million, a rise of $108 million or 6 per cent, and in corporation profits from $2,420 million to $3 billion or 24 per cent.

At this point, Mr. Speaker, I should like to make reference to a statement made by the hon. member for Nanaimo (Mr. Cameron) during the course of his speech. He stated, as recorded on page 2568 of *Hansard* for March 23, 1956:

> There is rather a striking contrast between the increase of 7 per cent that was added to labour income and the increase of 20 per cent that was added to investment income.

Of course that is quite true, but what the hon. member did not point out is what seems to me a very significant and relevant fact, namely that this large increase in investment income in 1955 came after several years of little or no increase in the level of investment income, while labour income increased steadily in every one of those years. As a matter of fact corporate profits, by far the largest factor in corporate income, actually decreased in 1952, 1953 and 1954. Moreover, Mr. Speaker, even if we take investment income as a whole we will find that in 1953 it increased by less than 1 per cent over 1952, while labour income increased by 7·7 per cent. Again in 1954, investment income was slightly less than for 1953, about a quarter of 1 per cent less to be precise, while labour income increased by 2·4 per cent.

Taking the period 1952-1955 as a whole, therefore, we find that investment income was 18·8 per cent higher in 1955 than it had been in 1952, while labour income was 18·3 per cent higher in 1955 than in 1952. In other words the rate of increase in investment income from 1952 to 1955 was only one-half of 1 per cent higher than the rate of increase in labour income over the whole of that period. This, I think, gives a very different picture from the one presented by the hon. member for Nanaimo, and I submit a very significant one.

The substantial increase in incomes to which I have just referred placed greater purchasing power in the hands of the Canadian people and made possible a higher level of personal expenditures. This reached the record figure of $16,811 million, an increase of 6½ per cent. And here, Mr. Speaker, I think it is especially gratifying to note that the rate of increase was particularly large in expenditures on durables, which rose by 11 per cent as compared with 6 per cent on non-durables and 6½ per cent on services. Undoubtedly, personal expenditure was at a peak in the last year.

Savings also reached a very high level, showing an increase in personal savings of $500 million, more than 5 per cent over 1954, and in gross business savings another $500 million, more than 16 per cent over 1954. Yet, Mr. Speaker, despite this phenomenal expansion, there is no reason to suppose the limit of Canada's growth is reached. As a matter of fact, the minister's estimate for the gross national product in 1956 is close to $28 billion, and I have heard no opposition member claim that that figure is too high. That is a very different picture from the gloomy one that was painted last year by the opposition.

On the basis of an estimate of gross national product close to $28 billion, the Minister of Finance has budgeted, as we know, for a revenue of $4,775 million. With expenditures at $4,650 million, he estimates a surplus of $125 million. We have heard criticism from the opposition on the ground that with the increase in the gross national product and the surplus in prospect there should have been a large reduction in the rates of taxation. I feel they are fundamentally mistaken, but first of all, before I go on to analyse that question further, I should like to remind the house that there have been cuts in the tax rates, small ones, it is true, but they have been very wisely applied to those sectors of the economy where they will be most helpful. I have in mind in particular the repeal of the sales tax on building materials, providing as it does an encouragement to home builders, and the restoration of full duty-free entry to parts for agricultural machinery and equipment, which will be of benefit to our farmers.

Now, Mr. Speaker, to get back to the question of the criticism on the ground that there has not been a larger reduction in the rates of taxation, we all know, of course, that there are only three ways in which it is possible to reduce taxes. Either we must reduce expenditures or abolish the surplus, or the minister could have budgeted for a deficit. Let us consider each of these possibilities in turn. There have been very strenuous general demands by the opposition for a reduction in expenditure; but I have read all the speeches in this debate very carefully, Mr. Speaker. I have listened to a good many of them and I failed to hear any specific concrete proposals from the opposition that would have resulted in substantial reductions in expenditures. As a matter of fact, Mr. Speaker, during this session, as in previous sessions, we have heard from the opposition side of the house demands made for increased expenditures that would have involved the imposition of higher taxes by many millions of dollars upon the people of this country if they had been accepted by the government. Therefore, until the opposition comes forward with specific practical proposals for a reduction in expenditures that would make possible substantial reductions in the rates of taxes, I can only conclude that the Minister of Finance is completely justified in the fiscal course he is pursuing.

Suppose the minister had not budgeted for a surplus, what then? Could there have been substantial tax cuts? Well, no, because of course the surplus is too small. It is only $125 million, and as the minister himself has pointed out, that represents only about 2½ per cent of our revenue or expenditure. If I may quote the minister: "It is not much more than a prudent reserve against unforeseen circumstances that may arise in the course of the year". Moreover, we must bear in mind, Mr. Speaker, that during the past two years the public debt has been increased by $153 million in 1954-55 and by $52 million in the last fiscal year, 1955-56. Consequently, if it does prove that this estimated surplus materializes it could be usefully applied to a reduction of the public debt.

It should not be forgotten, however, Mr. Speaker, that there is a likelihood of substantial additional expenditures to be faced by the government in 1957-58. I think particularly in the first place of the proposed nationwide health plan which has been estimated to cost the federal treasury about $180 million annually, and also the proposed new federal-provincial tax arrangements,

which will cost the federal treasury about $110 million annually greater than at present.

While I am on this matter of federal-provincial tax proposals, I should like to dwell on it at a little greater length. These arrangements which have been proposed to the provincial governments by the federal government, particularly those relating to equalization and stabilization payments, provide, I think, greater fiscal security for the less wealthy provinces. Coming as I do from a province which is one of the less wealthy members of the Canadian federation, one which is taxing itself quite severely in order to improve social services and other important services, I feel that those proposals should receive the support of the provinces who are not so well endowed by nature, not so wealthy, who do not have the provincial tax capacity of the wealthier provinces. That is why the general reaction in Newfoundland to those tax proposals has been one of support, support which was indicated by Premier Smallwood at the time of the last federal-provincial conference at Ottawa. Not so long ago I read his statement, which appeared in the St. John's *Daily News* for March 23, 1956. There he pointed out, for instance, that in Newfoundland the provincial government, in order to provide the services which it believes are necessary, has imposed a tax of 17 cents on a gallon of gasoline and a 3 per cent sales tax on all articles, including foodstuffs. These are high taxes. And when we sometimes hear the premiers of one or two of the wealthier provinces complain that the demands on their treasuries are outrunning their capacity to produce revenue, I wonder just what additional revenues they could obtain if they imposed taxes at the level which the Newfoundland provincial government has found it necessary to do.

As a matter of fact, in the statement to which I have already referred Mr. Smallwood pointed out that when he asked officials of the Newfoundland government to work out what additional revenues would have been brought in to the province of Ontario by the introduction of the 3 per cent sales tax, the conclusion was reached that it would have amounted to $150 million annually and an increase in the gasoline tax to the figure for Newfoundland's tax would have brought in another $50 million annually. Newfoundland has therefore given support to these proposals, but of course Newfoundland's position in regard to the fiscal question is in a sense unique because, as we know, it will have to come up for study within a comparatively short time. Under section 29 of the terms of union, provision was made for the appointment by the federal government of a royal commission to inquire into Newfoundland's financial position within eight years of union and to decide what if any upward revision of contributions from the federal government should be made to Newfoundland. Pending the establishment of that commission and the bringing down of its report and the settlement which may come from it, Newfoundland is at present very glad to support the proposals which have been made.

Now to come back to the question of the other method, the one remaining method of reducing taxes, namely, that of deficit financing. I feel most strongly, Mr. Speaker, that this would be very undesirable at the present time because of the inflationary effects it might produce during this time of rapid economic expansion. I do not think it is necessary for me to point out to the house that economic conditions now are very different from the recession of this time last year when taxes were cut substantially and the Minister of Finance budgeted for a deficit. That recession of course was not a very severe one, not nearly so severe as some of the remarks from the opposition benches might have led the house or the country to believe. Nevertheless the economy was sluggish in comparison with its condition today. Conditions are now different and naturally a different policy is being pursued.

At this point I should like to congratulate the minister on the flexibility of his attitude and on the adjusting of his policy to the change in conditions which has taken place so swiftly within a period of 12 months. I would remind the house, too, that the prudent fiscal policy which he has been pursuing is in keeping with the monetary policy pursued over the past 12 months by the Bank of Canada. We all know that the bank rate was reduced in February of last year from 2 per cent to 1½ per cent for reasons which are perhaps similar to those which led the minister to reduce the rate in taxes. Six months later, however, when conditions changed, the bank rate was increased in August from 1½ per cent to 2 per cent, and again in October from 2 per cent to 2¼ per cent. In November it was raised from 2¼ per cent to 2¾ per cent and finally, a few days ago, it was increased from 2¾ per cent to 3¼ per cent. We remember, too, that quite recently the Bank of Canada advised the chartered banks to achieve a minimum liquid asset ratio of 15 per cent to deposits by the end of the next month. All this adds up to a gentle application of brakes on credit. To suggest that at this time the minister should indulge in deficit financing would be the height of inconsistency.

Before I close, Mr. Speaker, there is one further matter to which I should like to

refer. I should like to express my strong support for the government's decision to increase Canada's contribution to the Colombo plan, an increase of $8 million or 23 per cent. I believe that this is a particularly wise decision in view of the fact that at the present time the cold war is being waged more and more by economic weapons and in the economic field. I support this decision both because I believe it is inspired by a genuine desire on the part of the government to help the economically undeveloped countries of the commonwealth and Asia to help themselves and also because I am quite confident that in doing this the government is doing what the overwhelming majority of the Canadian people would have it do. I believe, too, that the Colombo plan is serving as a model of the best way in which aid can be offered to countries whom we want so much to develop their resources and to do so in an atmosphere of good will and with no strings attached.

In conclusion, Mr. Speaker, I would just like to say once again how much I appreciate the soundness and the statesmanship which has lain behind the administration of the finances of this country during the past year, and to congratulate the minister once more on the extremely sound budget which he has presented to this house for its adoption.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, since the Minister of Finance did not see fit in his budget this year to institute a major change in financial policy it is with regret, I think, that many hon. members view the fact that he did not remove certain small inequities in the present taxation system. While the inequities are not very important in themselves, a change would have brought inestimable relief to many individuals in the country. For example, a farmer who is a widower or a bachelor might have been allowed a deduction from his taxable income of a reasonable sum paid for the services of a housekeeper. This may be a small point, Mr. Speaker, but on the other hand there are many farmers in that particular category, and dairy farmers in particular have not shared in the boom which the rest of the economy has been enjoying. A farmer is not in the same position as an industrial worker who lives in an apartment in the city. Although it is not an essential part of the farming business a farmer must maintain a home. If the farmer has a child a certain type of deduction may be allowed if he is a widower and the child acts as housekeeper, but if the farmer's children have grown up or if he is a bachelor he has no relief in this way. It would seem to me that a minor form of relief such as this might easily be put into effect.

[Mr. Fraser (St. John's East).]

Another area in which I think the minister might have given some relief is with regard to the education and training of blind children. At the present time special training for blind children is not allowed as a deduction from taxable income for those who supply the funds for such training. I am sure it would make very little difference to the gross income which the minister obtains for carrying out the business of the country if a deduction such as this were allowed. It is a terrible handicap for one to be blind, particularly from birth, and considering the relatively small number of blind children it seems only reasonable that their parents who must put up the funds for their training should be given every conceivable assistance and aid in this matter.

There is another matter which I mentioned in this house last year and which I shall continue to mention from time to time as the opportunity presents itself. I refer to the cost of expensive drugs not being allowed as a deduction from taxable income. Lengthy illnesses are almost always very expensive and there are many families in the lower income groups who are not members of the Blue Cross or other health schemes. In many cases the drugs required for the treatment of these lengthy illnesses are exceedingly expensive.

As most hon. members know, in some cases the physician will supply the necessary drugs and then charge for them on his account to the patient. Then under the exemption for medical expenses over 3 per cent the taxpayer is able to deduct the cost of such drugs from his taxable income. This method discriminates directly against the druggists in the country. The druggist makes his livelihood from dispensing prescriptions and selling drugs. He provides a necessary service which should not be supplied by doctors. However, many doctors do provide this service in order that their patients may take advantage of deducting the cost of drugs from their taxable income.

I realize that there are certain administrative problems in allowing as a deduction from taxable income the cost of such drugs. I have heard it said that people would go to a drug store and get a receipt when they buy toothpaste, cosmetics, cigarettes or anything else. I am quite sure that this relatively minor administrative problem could be easily overcome by having the druggist set out on his account what was purchased. When the bills were attached to the income tax form it would be quite easy to see whether cosmetics had been purchased instead of drugs.

I mention this because many druggists throughout the country are incensed with

the present regulation. I received many letters last year after I made my remarks in the house in this connection and I know the Minister of Finance (Mr. Harris) has received representations from druggists' associations. It apparently is too late this year but perhaps next year the minister will consider allowing the cost of such drugs as a deduction from taxable income. It is an unwarranted discrimination against druggists which could be easily overcome.

There is another matter to which I should like to refer briefly before I reach the main object of my remarks today. I might say that on another occasion I intended to deal with this matter in greater detail and much more fully. I refer to the excessive—this is the only possible way to describe it—tax on tobacco which exists at the present time. I have always been led to believe that in its taxation policy the government follows the principle of ability to pay, and I think most groups in this country subscribe to that principle. However, it is quite obvious that that principle has not been applied to the tax on tobacco.

In the old days tobacco may have been considered as a luxury. It was largely imported and there may have been some excuse for applying a tax. But today tobacco is not a luxury. Whether people like it or not, it has become what could be described as an economic necessity. A large majority of the people in Canada, particularly those in the lower income groups, use tobacco daily as they use bread and other things. It is the low income groups that are hit by this excessively high tax.

It does not seem fair. We have often heard that the government should soak the rich, but in this case they are soaking the poor. In view of the generally high level of taxation, this tax on a commodity which is used largely by those in the lower income groups seems to be most unfair and unreasonable. It is shown by figures and charts which I have before me that because of the high tax on tobacco the per capita consumption of cigarettes in this country is somewhat lower than it is in the United States where the tax is less. As a result there is not the maximum use of tobacco that there ordinarily would be.

This has resulted in a reduced tobacco-growing acreage, which in turn has resulted in considerable land in southern Ontario, land which is of no use except for the growing of tobacco, becoming waste, sandy land. You find this condition in the counties of Oxford, Norfolk, Brant, Northumberland, Simcoe and elsewhere.

I know that some objections to the reduction of the tax on tobacco may be put forward on health grounds, but it has never been shown conclusively that tobacco has any adverse effect on health. Many members of the medical profession say that it has, but just about as many say that it has not. Until we have conclusive figures I do not think that the government should attempt to use health, if it is doing that, as an excuse for putting a tax on tobacco. If the government can produce medical evidence that the use of tobacco has an adverse effect upon health, then possibly some other measures might be taken, but they should not be in the form of an excessive tax.

Mr. Deputy Speaker: It being five o'clock, the house will proceed to consideration of private and public bills.

PRIVATE BILLS

PERSONAL FINANCE COMPANY OF CANADA

The house resumed, from Monday, March 26, consideration of the motion of Mr. Lefrançois for the second reading of Bill No. 160, respecting Personal Finance Company of Canada, and the amendment thereto of Mr. Coldwell.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, because of the rather disjointed manner in which this discussion of this bill has taken place, it might be wise for me at the outset of my remarks to remind the house that this bill calls for a change in the name of the Personal Finance Company to Beneficial Finance Company and also for an increase in capitalization. The hon. member for Rosetown-Biggar (Mr. Coldwell) has moved an amendment that the bill be given what we commonly call a six months hoist.

A continuation of this debate may come as a surprise to some hon. members of the house because it has been obvious to me as I have listened to the debate that some hon. members are inclined to regard this as a rather innocuous bill which should not concern us particularly. This, Mr. Speaker, gives me cause to realize that more than ever it is necessary for those of us in the house who believe in the things about which the hon. member for Cape Breton South (Mr. Gillis) spoke yesterday to rise in our places and draw to the attention of the house that as far as we are concerned this is not an innocuous little piece of private legislation but rather is a case in point of the very things about which the hon. member for Cape Breton South talked in the house yesterday afternoon. It is a present-day manifestation of the kind of attitude of mind that exists in this country which caused the people who drafted the Regina manifesto, to which the hon. member for Trinity (Mr. Carrick) re-

ferred, to say that they would not rest content until capitalism had been eradicated from this country.

In rising to oppose the passage of the bill I want to make it very clear that that is the basic reason for my doing so. The very fact that in some quarters the bill should be considered to be an innocuous matter, something to which little heed or attention should be given, the very fact that a company should come to the parliament of Canada and ask us in effect to prostitute the English language is not something which we should sit idly by and see happen. In attempting to make my position clear I should like to point out that the writers of the Regina manifesto did not say they were going to eradicate capitalists from Canada. However, they were determined that this state of mind, this attitude which considers the almighty dollar the most important thing in the life of man, should be brought to an end, and that they would seek to build in this country a co-operative commonwealth.

It is perfectly true that the people who have attempted to warp and twist that statement, drafted at a time which most of us can recall was one that wrung the hearts and minds of men in the agony of the situation that existed, have attempted to suggest that the plan there set forth was one which would eliminate private enterprise. That is the sort of approach which is taken by people who will bring this kind of bill before the house, a bill that is helping to eliminate private enterprise and initiative in any real sense in this country.

That is why I feel I want to take part in the debate today in opposition to the passage of this measure. Why should I be concerned about what a particular company calls itself? As it happens, this is a matter that comes before parliament, and this company is asking that it be allowed to term itself "beneficial". I happen to believe that this company and its operations are not beneficial to the people of Canada and that it is an affront to us for the company to come here at this time and ask us to give our blessing to this change.

A while ago I took the trouble to look at a dictionary to see what the definition of the word "beneficial" is. I found that "beneficial" means benefiting, tending to benefit, conferring benefits, being helpful. The Beneficial Finance Company may be beneficial to some people but in my humble opinion it is a long way from being beneficial to the people who are unfortunate enough to do business with it.

I have discovered that many people in Canada get rather a jolt at times when they happen to find out the kind of mark-up that the merchants with whom they do business place on the products they sell. They may hear that there is a mark-up of 25 per cent on certain goods they buy, or they may happen to discover that in some cases their hardware merchant may have a mark-up of 100 per cent on his goods, and they are shocked to the core. I wonder how many of them have stopped to think about the kind of mark-up this company has. I wonder how many members of the house have thought about that.

According to the company's own statement, which can be found in the report of the superintendent of insurance, I notice that under the heading of small loans they list under expenditures interest on borrowed money amounting to $642,231.28. To me that represents the wholesale cost of the commodity they are selling. Then, above that item under the heading of income earned on small loans there is an amount of $2,769,313.25 listed. I think a rough calculation will indicate that represents a mark-up of something over 500 per cent.

How can anyone, Mr. Speaker, term that a legitimate kind of business? Certainly as far as I am concerned I make no bones about my opinion of it. I noticed an announcement in the press recently that this particular company is opening an office in the Alberni valley where I live. As far as I am concerned, I certainly intend to advise my constituents to avoid that particular business like the plague, irrespective of whether or not the name of the company is changed. In my opinion there is no justification for the continuance of this form of legalized robbery. Because of the existence of this sort of institution, which attempts to fasten itself upon the backs of the working people of the country, there is, as far as I am concerned, still need for a party like the Co-operative Commonwealth Federation which is dedicated to the eradication of this kind of capitalism.

It is perfectly true that the operations of such companies are glossed over a little more smoothly now than back in the thirties. These people have discovered the benefit of having high-paid press agents to do their dirty work for them. In my opinion some of these press agents have warped the judgment of a good many members of the house over the course of the years. As far as I am concerned, this is an attitude of mind which represents the greatest enemy to the well-being of the people of Canada today.

It is all very well for the Minister of Finance (Mr. Harris) to talk about our bounding economy and the increase in our gross national product. Surely, we can slide along under that. It is perfectly true that some of the grosser effects of this kind of activity are glossed over in a period such as that in which we live at the present time. But that does not

alter the fact that still fastened like leeches on the backs of the Canadian working people is this sort of thing, the people who do the really productive work of this country. Probably the people who are in the position of being entrepreneurs in the genuine sense of that term do not have to resort to the use of this sort of lending institution. But unfortunately the people who work under their direction, beguiled by this misleading and high-priced publicity that is bombarded upon us from every direction, have resorted in large numbers to the use of this sort of thing perhaps partly because in many instances they have not been fully aware that it was unnecessary that they do so. When I think of the contrast in the approach that is taken by an institution of this kind with its 500 per cent mark-ups to the kind of service which is provided to many Canadians today through their credit union organizations, Mr. Speaker, I think that I am on even surer ground in rising in opposition to this measure.

If no other alternative was available it might be argued that, little as one liked this sort of thing, it was necessary and that we should give our blessing to their calling themselves "beneficial" or anything else that they might see fit to call themselves. But when there is in existence the kind of lending institution which is beneficial in the genuine sense of the word then, as I said before, I think the proposal contained in this bill constitutes in effect a prostitution of the English language and that we should have neither hide nor hair of it.

The other aspect of this particular piece of legislation is this. If we grant this particular proposal to this company, are we not in effect creating a precedent and are we not going to have all the loan companies and many other companies coming running to this parliament asking to be allowed to change their names in a manner which may give them, in their opinion, some slight competitive advantage over their competitors in misleading the public of this country? We are perhaps going to have coming in bills proposing all sorts of changes of names and we shall be spending our days and our weeks dealing with such bills.

I was wondering just what sort of names some of these other companies might want to have if they were to come in with similar bills. Again I consulted a dictionary in order to see what were some of the synonyms of the word "beneficial". I could offer a few helpful suggestions to the people who might be coming in with these bills. They might call themselves the "advantageous" finance company, the "good" or the "helpful" finance company or—I do not quite know how this one got in—the "profitable" finance company. I might even support a bill for a change of name to that one. Then, of course, Mr. Speaker, there is another synonym. They might call themselves the "salubrious" finance company. I think that name somehow has a rather nice sound. If the Personal Finance Company, instead of making this particular proposal, would agree to a change and would come in and ask us to give them the name of the "salubrious" finance company I think possibly I might withdraw some of my objections to their proposal.

Quite apart from this particular consideration, Mr. Speaker, I am reminded of remarks made earlier in this debate by, I believe, the hon. member for Trinity in which he tried to shoo us off and say that he thought this was not the time and the place to debate this question, that we could debate it on the government legislation to change the evil ways of finance companies when we came to it. That is all very well and good, Mr. Speaker, but my contention is this. After this government legislation to which he is referring has passed and has gone through the house, if we are satisfied that it is going to do something to rectify the situation and to make a decent, ordinary type of business out of this activity, we might be prepared to consider some proposal such as this. But until we know what is going to happen with regard to that legislation or what is going to come out of the discussion on it in this house, I submit that now is the time and place to debate this bill, and no other time. After all, the bill is before us under the rules of the house. If we feel that it is an evil and pernicious thing to be coming before us I would suggest, Mr. Speaker,—with all respect to the hon. member for Trinity—that this is the time and the place to debate a measure of this kind. I could only hope that the people who direct this company, after taking some cognizance of the objections we have raised, might be willing to have this particular legislation withdrawn, at least in so far as this proposed change of name is concerned.

There are too many ways in which this insidious abuse of the English language is creeping into the accepted ways of doing business in an attempt to extract every last nickel and dollar from the working people of Canada. Here is a flagrant example of it that has come directly before us. It is, if you like, an example symptomatic of an attitude of mind that is all too prevalent among those who consider themselves to be in the business world of this country. It is something we should oppose. Actually, Mr. Speaker, it is something which has nothing to do with what are ordinarily termed divi-

sions in thinking along political party lines. So far as I am concerned, it is something which goes much deeper than that.

It is based upon a recognition of the truth of the statement that man does not live by bread alone. Day after day, year after year, possibly because of the period of prosperity which was induced by and has continued since the last war, this type of thinking seems to be more and more accepted as something to be taken for granted; something which we can casually accept as part of our way of life. So far as I am concerned, this sort of thing is something which, if we hope to retain our freedom as individuals, we have to stand up and fight against. Otherwise, we are going to be lulled into a state of semi-coma—perhaps a state of coma which is a little deeper would be a good thing. In such a state, Mr. Speaker, we would not feel the pain when these financial dentists are pulling our financial teeth. It is an intriguing thought, that we just allow ourselves to be lulled into a gentle somnolence, and let these financial wizards continue extracting everything we can earn.

I do not believe, Mr. Speaker, that man was intended to spend his life sleeping on a doormat. I think the people of Canada, if they are going to remain people, have to be alive to the fact that there are some things that hurt. If one is aware that one is being robbed, that does hurt. For that reason, Mr. Speaker, I think this bill should be thrown out. I feel that when the hon. member for Rosetown-Biggar (Mr. Coldwell) moved that this bill be not now read but be read this day six months hence, he was taking an action which was designed for the welfare of the Canadian people. This house would be well advised, as a parliament charged with matters pertaining to the welfare of the Canadian people, to accept the amendment introduced by the hon. member for Rosetown-Biggar.

Mr. A. H. Hollingworth (York Centre): We are considering Bill No. 160, Mr. Speaker, and I think when one is talking about this bill one should probably recall that we are dealing with two bills, No. 160 and No. 166. I think one could make a distinction as to how one feels about these two bills, and that is what I propose to do today. I will say at this stage, although I realize I am not discussing Bill No. 166, I will vote against that bill and I will vote for Bill No. 160. The reason I am willing to vote for that bill is that I think we are dealing with pure technicalities.

We understand that the Personal Finance Company wants to change its name to the Beneficial Finance Company. In my opinion, that is not important. I do not like the name. I do not think it makes sense particularly, and

I am inclined to agree with the hon. member for Comox-Alberni (Mr. Barnett). It is a rather silly name, but actually it is their own business. They are operating as a company in this country. They are obeying the laws of the country, and so far as I can see there is no reason why, on a pure technicality, they should not be allowed to change the name of the company.

Now, about two weeks ago the hon. member for Trinity (Mr. Carrick) pointed out that this name has met with the approval of the Secretary of State (Mr. Pinard) and the approval of the superintendent of insurance. If that is the case, I do not think it is incumbent upon hon. members, in effect by means of a filibuster, to try to block something which is purely a technicality. It seems to me that this is not a matter of substance. It is a matter of procedure. It is a matter of dealing with the name of a company only and not a matter of dealing with the merits or demerits of small loan companies. Hon. members well know how I feel about finance companies. I mentioned it in a speech I made just a few weeks ago. I believe that when one is considering such a company as the Signature Loan and Finance Company, that is an altogether different matter. There you are dealing with powers which are vested in hon. members, namely the decision as to whether or not a new company should be set up in this country.

It may well be, and it is my own opinion, that this is not the proper time for another company, particularly a United States company, to come into this country and especially when one receives letters from people who are concerned about the future status of Canadian finance companies. But surely in a matter which purely concerns the name of a company that is already in existence, which is operating in this country and which, so far as hon. members are aware, is obeying the laws of this country, we members should not interfere with this purely technical process. As I say, I cannot see that it concerns the merits or demerits of finance companies generally. Hon. members well know that soon Bill No. 51 will be going before the banking and commerce committee. At that time evidence will be adduced as to whether or not the interest rate should be changed. Personally, I feel it should be, and I am strongly in support of the government bill. But, Mr. Speaker, I submit that is not the case here. Therefore, as I say, I will support this bill but I will speak, and I will vote, against the subsequent Bill No. 166.

Mr. Knowles: Will the hon. member permit a question before he sits down? Is he not

aware of the fact that this bill, in addition to changing the name, increases the capital of the company tenfold?

Mr. Hollingworth: Yes, I am aware of that. I should have mentioned that. In my opinion, that does not concern the merits of finance companies. As the hon. member for Trinity pointed out, it is a matter of having a $9 million surplus in their capital account. I see no reason to object to increasing the capitalization. I think it is begging the question to try to draw a similarity between that and this other bill. I am aware of that. In my opinion, it does not change the merits of the argument I have made.

Mr. Knowles: Except that it is rather beneficial to the Beneficial Company.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like at the outset to congratulate the hon. member for York Centre (Mr. Hollingworth), who has just taken his seat, on the statement he has made that at least he intends to oppose one of these bills. I think that is a noteworthy admission for him to make, and I hope that the national president of the Liberal party will not deal overly harshly with him when next the Liberals nominate in York Centre.

Various names for this company were offered by my colleague, the hon. member for Comox-Alberni (Mr. Barnett). I think he left out two other possible names. One might be the MacTavish Finance Company. After all, this man, Mr. MacTavish, is connected with a goodly number of these companies and he might well consider it is high time that his name was honoured in the name of one of the companies; or it could also be called the National Liberal Finance Company. That, Mr. Speaker, I think would make it have a very salutary effect both upon the Liberal party of Canada and upon the welfare of the Canadian people.

Mr. Langlois (Gaspe): Why not call it the C.C.F. Finance Company?

Mr. Regier: The name of the C.C.F. finance company is known in almost every village now as a local credit union, and they are doing very well.

Mr. Langlois (Gaspe): That is about the only enterprise of the C.C.F. that did not go bankrupt.

Mr. Castleden: The hon. member does not know what he is talking about.

Mr. Regier: I think, Mr. Speaker, that the C.C.F. or the credit union method of helping people shows that people can be helped with small loans at reasonable rates of interest.

I should like to compare just for a moment the attitude taken toward this bill by the newspapers belonging to the millionaires of Canada and the more moderate newspaper published in Ottawa. The *Financial Times*—that is the one I am referring to as a millionaire newspaper—in its issue of Friday, April 6, begins under the heading:

> The C.C.F. and the Small Loans Companies
> Unsuccessful in their attempts to have the interest rate on small loans cut in half, the C.C.F. members of parliament had an opportunity of renewing their attacks on small loan companies in the course of debate on a bill providing for a change in name for one of the companies operating in the small loans field in Canada.

I must point out to you, Mr. Speaker, that that is a complete misrepresentation of the facts. The C.C.F. has not been unsuccessful. As I pointed out in another debate, the introduction of another bill by the government shows how successful we have been in our attacks in regard to what is going on in the field of finance companies. The other paper, the Ottawa *Journal*, was much more realistic. On Wednesday, March 28, over and above the news item headed: "D. K. MacTavish Attacked Over Loan Firm Connection", they have a very interesting cartoon. A man and his wife are washing a new automobile in the shade of a tree, and they look at a man walking in the dusty road, and the comment is:

> A finance company put him back on his feet. They took his car away from him.

I think that is a very good example of the different reaction of the ordinary citizens of Canada, as exemplified by such a newspaper of a relatively smaller city, as compared with that taken by such a newspaper as the *Financial Times*. The one opens up with a completely false assertion. It is as false an assertion as were the assertions by the man named "Tempus" in the same issue of the paper when he attempted to forecast the number of seats the various parties would win in the province of Saskatchewan in the next federal election. He was wrong in that. I am rather surprised that the wealthy people of Canada have only such unreliable newspapers to read.

The hon. member for Trinity (Mr. Carrick) made some very interesting comments on this bill the other day. He rightfully pointed out that this bill not only implies a change of name but also asks us to authorize an increase in the capitalization of the company. He asked at page 2618 of *Hansard*:

> Does that not seem a reasonable request?

Does it not seem a reasonable request that this company be allowed to increase its capitalization from $1 million to $10 million? When speaking on this bill, the hon. member for Greenwood (Mr. Macdonnell) rather

wondered whether the increase in capitalization would mean that the company would be prepared to put in an extra $9 million of their own money. In looking at the financial statement of this company, Mr. Speaker, I think it is obvious that it wants to raise its capitalization from $1 to $10 million merely so that it can issue share certificates for the surplus $9 million odd that they now have. I would like to suggest that since their net earnings under the Small Loans Act are roughly $1 million, they feel that $1 million net profit on $1 million of capitalization would indicate a net return of 100 per cent of their money in one year. They feel that they could raise the capitalization to $10 million without investing any more money, and that then in another year a profit of $1 million will look like only a mere modest 10 per cent earnings on their investment.

The question of the propriety of our entering the debate at this time has been raised by a number of speakers, both by the hon. member for Trinity and again by the hon. member for York Centre. I feel that when a company asks for an increase in its capitalization it has always been considered quite the appropriate time for parliament fully to examine the operations of the company that is asking for such an increase. If we look at the operations of this company we find some very interesting statistics. First of all, the company admits that in the year ended December 31, 1954, it spent on advertising the sum of $473,991.70, a little less than half of it on small loans, and the rest of the money was spent on loans in excess of $500. I feel that is imposing an undue hardship on the Canadian people. I do not think this advertising of theirs served any useful purpose whatsoever. If it is an emergency service they are rendering, I am sure the Canadian people are aware of telephone directories, and they can look up and find out where finance companies have their offices. No money whatsoever need properly be spent on advertising. If the advertising would lead to some competition among those companies I might be willing to consider it in a more favourable light. However, you find that the interest rates are fairly well the same. You can go from one to the other and it is 2 per cent a month on the unpaid monthly balance.

I am also interested in two things. My leader, in moving his amendment to the bill, read out the list of the directors. However, I would like to call attention to the fact that the largest shareholder, of course, by far, is the Beneficial Loan Corporation of Wilmington, Delaware, but there are two other citizens of the United States on the board of directors. There is a Mr. O. W. Casperson, of Andover, New Jersey, and Mr. C. H. Watts, Fort Lauderdale, Florida. I have reason to believe that both Mr. Casperson and Mr. Watts are the men who own the Beneficial Loan Corporation, so there is a very clear indication there that this is a company almost completely controlled by outside interests.

The hon. member for Trinity had the audacity to compare the usefulness of this company and its American money with the Aluminum Company of Canada. On page 2620 of *Hansard* he makes the statement that in so far as the earnings of both companies go to the United States, because the Aluminum Company of Canada is a subsidiary, there is not a scrap of difference. I would like to take issue with that statement. To me there is a very great difference. If the surplus earnings of the Aluminum Company of Canada are taken out of Canada and go to the United States we at least have the satisfaction of knowing that this company has aided in the development of our natural resources. That is something which we definitely cannot say concerning the operation of finance companies. The purchasing power of any money they take out of Canada is definitely lost to the Canadian people and the standard of living of the average Canadian citizen is lowered in ratio with the millions of dollars they take out of the country.

The hon. member for Trinity concluded his remarks by saying that the relief sought is reasonable. I feel that asking parliament for the right to use a name which in fact can be most misleading to the Canadian public at large and the request to increase capitalization when it is obvious that no additional investment on the part of the company is contemplated is in no way reasonable.

At page 2619 of *Hansard* the hon. member for Trinity gave expression to a remarkable thought when he said:

> I put this question squarely to hon. members of this house. Is the choice of a name going to depend upon the likes, the dislikes or the whims of members of this house?

That comes about as close to contempt of the rights of parliament as anything I have yet heard any hon. member here express. I can only say that this is a further indication that the speech was written in the ante-room of the Minister of Trade and Commerce (Mr. Howe), because if I did not know that that sentence had been used by the hon. member for Trinity I could readily believe it was a sentence the Minister of Trade and Commerce had used.

Mr. Carrick: The hon. member is a great joker.

Mr. Regier: The Minister of Trade and Commerce has frequently expressed contempt

for the rights and responsibilities of hon. members of the House of Commons. I feel that to mislead the people of Canada with a proposed new name is definitely a matter that concerns this parliament and when we are asked to sanction such a change of name I believe we have every right and responsibility to consider its implications in full.

I notice that the operations of these companies indicate that these are vicious activities indeed. I have not the figures for the Personal Finance Company of Canada in detail on the matter I now wish to raise, but in looking at page 59 of the report of the small loan companies and money lenders for the year ending December 31, 1954, I see under the consolidated exhibits a classification of loans made during the year. It divides the borrowers into three categories: new, repeat and current. "New" means persons who were not previously borrowers from the lender; "repeat" means persons who had fully discharged all previous loans from the lender; "current" means persons with earlier loans from the lender still undischarged.

I notice that a total of 831,721 loans were made in the year and of this figure over half, or 484,667 people, were borrowers who when they came in to borrow were still indebted to the finance company for some loan made previously. This should be a warning to the people of Canada that of the total number of Canadians who found themselves in the clutches of finance companies over one-half were unable to get out of their clutches and found themselves deeper and deeper in debt.

When you hear that the veterans of Canada are paying as much as 8 per cent of their income to finance companies, I think it is time we gave some serious consideration to what is taking place.

Mr. Argue: That was for interest alone.

Mr. Regier: The hon. member for Assiniboia has corrected me. He says that the 8 per cent figure is for interest alone, which makes it that much worse.

There were a few matters in the financial statement to which I would like to call the attention of the house. This company, which pays 25 per cent as much on advertising as it pays in wages, is also to be condemned for the level of wages it pays. The *Financial Times* appears to point out that the men who run these offices must be wise, must be able to help people and advise them how to spend their money and therefore they assume that the employees are very well paid. I happen to know that the employees of finance companies in Canada are paid on a scale that is put to shame by even the miserable wages paid by the chartered banks.

You can pick up a newspaper almost any day of the week and look under the help wanted column where you will see that some finance company or other is continuously advertising for help, especially male help. They lure male employees with the prospect of becoming branch managers. At the rapid rate at which they are opening branches I suppose there are a considerable number of vacancies from time to time; however, I have reason to believe that a large number of their branch managers receive only mediocre wages and therefore they resign with regularity and the turnover in employees is very high.

The main complaint I have against the Personal Finance Company is that it, like other finance companies, is using money that is not its own. It is bleeding the people of Canada for the use of their savings. Many hundreds of thousands of Canadians who have money in the bank or in life insurance companies and receive the measly percentage of interest on their investments must pay the exorbitant interest rates that are being charged by finance companies when they buy automobiles and household appliances. I feel that no one should be allowed to manipulate the savings of the Canadian people in this fashion. Under the heading "liabilities" I notice that this company owes to the Beneficial Loan Corporation the sum of $31,757,529.68. Apparently the reputation of the Personal Finance Company is so low that it cannot borrow from Canadian banks or insurance companies but has to persuade the parent company to do its borrowing for it.

I resent very much the change of name and I resent the increase in capitalization that is being asked for, because I feel it is only misleading in that no additional capital will be forthcoming.

I repeat that the people of Canada should know, and I hope they soon will know, that the Liberal party of Canada is intertwined and intermeshed in this plot to collect the hard-earned savings of the Canadian people which is going on at the present time.

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, in rising to take part in this debate I intend to point out one of the newer things in which we find these small loans companies engaged. I refer to the rather nefarious expansion of their present practices and I rise to draw this to the attention of the house at this time.

Before I do so I should like to point out something known to a great many members of this house, especially those who have had anything to do with the credit union movement. Credit unions are engaged in exactly the same type of operation as these small loan companies which we are discussing and yet the interest rate charged in most instances

is only 8 per cent and the borrower is insured so that if he dies the loan will not be charged against his estate. Then in most instances a good part of the interest paid is returned in the form of dividends. We are familiar with the operations of small loans in the credit union movement. When we are told, as we were told here a day or two ago, that the exorbitant interest rates charged are due to the risk involved and the cost of processing loans, we know that will not stand up when the facts are presented.

I should like to point out a new practice which has been established in this country by these loan companies. They are not able to get all the business as there are many other institutions such as department stores which are getting a tremendous amount of business because so many people indulge in instalment buying. Even in the city of Ottawa we see the insidious practice where subsidiaries of these small loan companies are set up. They go to people who have become financially embarrassed, to people who find their pay cheques too small to meet their monthly commitments to the department stores, to people who are unable to make their cheques go around; these subsidiaries which are operated under other names but which are exactly the same people go to these people and say, "If you will turn over your pay cheque every month we will take care of your obligations around town." They charge 2 per cent for that service.

After they have operated for a few months they come back to the party and say, "Because of our handling of your accounts we are able now to allow you to make a down payment on another piece of merchandise." I do not think it takes a great deal of imagination to realize exactly what is taking place. It has been proved in this house that Simpsons-Sears and T. Eaton are charging as high as 52 and 54 per cent on instalment buying. These people in effect are collecting, not 26 per cent—

The Acting Speaker (Mr. Applewhaite): Order. I hesitate to interrupt any hon. member who has the floor but I have been listening to the hon. member for the last three or four minutes and I find it a little difficult to connect his remarks with the present bill. As hon. members know, there is a general bill dealing with small loan companies now before the banking and commerce committee. There are only two clauses in the bill now before us. One clause provides that one specific company, the Personal Finance Company, shall be allowed to change its name, and the other provides for an increase in capitalization.

I hope that I shall always have sympathy with the hon. member who has the floor, whoever he may be, but I do not think it is within the rules of the house to permit a specific bill to be used as a vehicle by which we might discuss various aspects of small loan companies, more particularly so when up to the present the hon. member for Humboldt-Melfort (Mr. Bryson) has not indicated that the Personal Finance Company which we are discussing is of the nature which he is outlining in general terms.

I have no desire whatever to hamper the hon. member in making his argument, but I think I should ask him to deal with the specific bill before the house.

Mr. Bryson: Mr. Speaker, I understand your position but the reason I was pointing this out is that I feel we must reject this legislation because of certain principles in which we believe. I was pointing out my arguments as to why we should not tolerate in this house the establishment of these small loan companies, regardless of what they may be called. However, you have made your point quite clear and I shall not press the matter further.

I do not think we can accept the argument which has been put forth by the hon. member for York Centre (Mr. Hollingworth), who said that it was immaterial at this time whether the name was "Beneficial" or not. I submit that if we agreed to changing the name to "Beneficial" we would thereby be agreeing to the operating of such organizations.

Mr. Hollingworth: That is a *non sequitur* if I ever heard one; it does not necessarily follow at all.

On motion of Mr. Bryson the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. W. E. Harris (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, and the amendment to the amendment of Mr. Coldwell.

Mr. Nesbitt: Mr. Speaker, this evening I intend to spend the rest of my time dealing with the dairy industry. Of course, it is quite impossible in 20 minutes or half an

hour to even begin to deal with all the problems of the dairy industry in any detail and with any accuracy. Consequently I intend to deal with two aspects of those problems, the problems that the cheese producers and the concentrated milk producers face at the present time. Without any exaggeration I think that these two problems are the most contentious problems at the present time of the many difficulties that the dairy farmers face.

Of course, Mr. Speaker, one must bear in mind that all branches of the dairy industry are very intimately related. In fact, they are rather like a pile of jackstraws. If you remove one of the straws the whole pile shifts. Consequently, if one branch of the dairy industry benefits or suffers all other branches benefit or suffer accordingly. I think hon. members should bear that in mind with relation to the rest of my remarks.

People regard the function of government in the world at the present time from two different points of view. If one is a socialist one considers the function of government to be that of the all powerful arbiter of the factors of production. Government decides where the various factors of production, land, labour, capital and management are to go, what products are to be produced and what products are good for the people. Those who subscribe to that theory consider that to be the function of government, but for those who believe in a free enterprise economy, a free economy, as some put it, the general function of government is somewhat different.

I think it may be safely said that in a free economy it is economically and socially desirable for the government of any nation to preserve a balance between groups; between farmers, labour groups, professional classes and so on who are in competition for a share of the national income. It is also true that many times in the past governments in this country have acted to protect or strengthen different groups within the nation. For example, tariffs have been established to protect new industries or industries which are essential to a balanced development of our country, industries which have to compete with lower cost industrial competitors or agricultural competitors from the United States or elsewhere.

Subsidies have also been used to maintain this balance. For instance, at the present time $2 per capita for every man, woman and child in Canada is used to subsidize those who are unemployed in the form of unemployment insurance, and about $1 per capita is used to subsidize the gold mines. However, when you get to the dairy industry you find that in the years from 1949 to 1954 an average of about 3 cents per capita has been used to help that industry. One might almost say that the government had forgotten the dairy industry with certain exceptions such as the 58 cent floor price on butter.

Agriculture as a whole in Canada has not shared in the general prosperity. It has not shared in the big boom we have been enjoying largely because we are so closely connected with the United States economy. Dairy farmers in Ontario in particular have profited from this boom the least of all. From 1951 to 1953 the net income of Ontario dairy farmers declined 25 per cent. In 1954 it declined another 12 per cent with a probable further decline in 1955 and in the present year, 1956. Unfortunately I do not have those figures yet.

It must be remembered that Ontario produces 48 per cent of all dairy products in Canada, and Quebec is a very close second. In 1954 agriculture's share of the national income was 6·8 per cent, the smallest since 1931. The situation of the small share of the national income has been aggravated very much by the increased requirements for farm capital outlay, increased production costs and the increase in costs because of the higher standard of living generally. Needless to say, a prosperous dairy industry is essential in Canada in peacetime and in war, whether it be a hot war or a cold war. Seventeen per cent of Canada's population is involved in the dairy industry, with a production in 1954 of somewhat over $900 million.

Farm groups have become increasingly concerned about this problem. The dairy farmers of Canada, the dairy farming association and the Canadian Federation of Agriculture have asked for tariff increases on cheese and skim milk powder. Of course, as hon. members know, and the minister particularly, the question of tariffs is very complicated indeed. In theory free trade is, of course, perhaps the ideal situation in the world in that the principle of natural advantage can be allowed to run the gamut. With the exception of non-economic reasons such as defence and so on, this might be the ideal situation.

However, we are not dealing with the world of theoretical economists but with the world as it exists for better or for worse today. Free trade is not feasible in the world today for many reasons. As hon. members know, there are wide wage differences and differentials in standards of living between one country and another. Then there are exchange restrictions, quotas and so on. Large well established industries in Canada such as the dairy industry and certain manufacturing industries must be protected. If they have been well established and have been in exist-

ence for a long time and a situation arises where they are threatened they must be protected or the whole economy becomes dislocated. This, of course, applies particularly to anti-dumping tariffs. I think the situation with respect to tariffs has been put reasonably and sensibly by one of my colleagues in the house, the hon. member for Lanark (Mr. Blair). I should like to refer to *Hansard* of April 27, 1954, page 4176, where he had this to say:

> I do not believe it is advantageous to the economy of this nation nor do I advocate a high protective tariff policy for this or any other industry—

The hon. member was referring to the dairy industry at that time.

> —because such a device can only provide stability for an uneconomic unit at unwarranted high cost to the Canadian consumer of the products which the industry produces.

Farther on in the same speech and on the same page the hon. member went on to say:

> As far as tariffs are concerned, they should not be so low as to cause failures of efficiently operated Canadian businesses, nor so high that inefficient producers could still remain in business.

I am quite aware, Mr. Speaker, that Canada is a member of the general agreement on tariffs and trade, and I do not think there is a member of the house who would quarrel in any way with the general principles of GATT. Unfortunately, however, many of the member countries have not always lived up to the agreement, and our large neighbour to the south is one of them. I am not necessarily stating this by way of criticism of those countries that have done that because sometimes when a general rule is laid down exceptions arise to which attention must be paid. In dealing with economics or anything else in this world it is very difficult to lay down a hard and fast rule. Eventually situations arise when changes have to be made in some cases. When the economy of a country is threatened by conditions that were not foreseen at the time agreements were entered into changes may have to be made.

Let us look at the situation regarding cheese and skim milk powder. The present tariff on skim milk powder is as follows. As far as British commonwealth countries are concerned, it is 2½ cents a pound. The most-favoured-nation tariff is 5 cents a pound. The general tariff for other countries is 5 cents a pound, except—and here is the important part—that Australia and New Zealand have a special tariff of only 1 cent a pound on both cheese and skim milk powder. This tariff was instituted by the Right Hon. R. B. Bennett, when he was prime minister of this country in 1932, by a special tariff agreement with New Zealand and Australia. I see some hon. members opposite and I can gather what may be going through their minds at the present time. But I should like to point out in this respect that at that time, in 1932, when a 1-cent tariff was put on skim milk powder and cheese, skim milk powder in Canada sold for 3 cents a pound. A 1-cent tariff was therefore at the rate of 33⅓ per cent. At the same time cheese in 1932 was selling at about 10 cents a pound. A 1-cent a pound tariff on cheese was therefore at the rate of 10 per cent.

At the present time New Zealand skim milk powder sells on the dock at Halifax at approximately 12 cents a pound and Canadian skim milk powder sells at approximately 14 cents to 15 cents a pound. New Zealand cheese on the dock at Montreal sells at approximately 26 cents a pound and Canadian cheddar cheese—it varies, of course, a cent or so—averages about 30 cents a pound at the present time. In the last six months, I am told that approximately 9 million pounds of skim milk powder have been imported into Canada from New Zealand largely, but some of this has also come from Australia. I do not think anybody would have any objection to New Zealand skim milk powder coming into Canada if the local market demand cannot be met. It is my understanding that in the last months of last year the demand for skim milk powder in Canada exceeded the supply for a short while; but, from the information that I have received, there is little doubt that at the present time more skim milk powder has been imported than was necessary and this has created a surplus which is undoubtedly tending to depress the price. What is more, there is no need to import skim milk powder into Canada as there is an enormous potential reserve. In a pamphlet that came around today to most hon. members entitled "Dairy Facts" we find this stated:

> Reserve Supply: It has been estimated that nearly 5½ billion pounds of skim milk were retained on Canadian farms during 1955. Converted to skim milk powder this would amount to nearly 500 million pounds . . .

I do not think anyone needs to worry as to whether or not there is a big potential reserve of skim milk powder available in Canada. The importation of this skim milk powder from New Zealand and Australia has undoubtedly caused a 10 cents a hundredweight drop in the price of milk to producers that sell to concentrate plants, and this 10 cents a hundredweight drop took place as of March 8, 1956, just about one month ago. The producer's return on skim milk powder is about $2.50 a hundredweight. The same applies as far as the return to producers for milk which is used in the manufacture of cheese. The estimated cost of production of milk for eastern Ontario is $3.10 a hundred-

weight and for western Ontario it is $3.25 a hundredweight. I had certain other figures made available to me in this matter and the lowest of these was the cost of production for eastern Ontario—as a matter of fact the county of Lanark—was approximately $2.83 a hundredweight. But any of these figures show that the producer of milk for skim milk powder or for cheese receives a price that is below the cost of production. Of course all hon. members know that the cost of production in New Zealand is a great deal lower than it is in Canada because of climatic advantage. These costs of production figures, I understand, include allowance for depreciation as any proper cost figures should. But the fact remains, Mr. Speaker, that the farmers cannot go on selling below cost of production without eventually going bankrupt.

Some hon. members may very well ask why that has not happened already. The answer is very simple. The farmers have been living on their capital and have been depleting their land. Fertilizer has not been added in the proper amount. Buildings have been allowed to run down and have not been painted. Necessary repairs have not been made to equipment. That is why up to the present time farmers have been able to keep going, but an end will come sooner or later, and when it does this government will be faced with an extremely serious crisis indeed. One might say that at the present time only the whole milk producers who have contracts are receiving more than their cost of production.

I have already dealt, on previous occasions this session, with the situation with respect to cheese and I do not propose to repeat myself at this time. I shall therefore leave the matter at that. In my opinion there must be an increase in the tariff on cheese and skim milk powder coming into this country. We have been told that New Zealand is dumping cheese in Canada. I refer to some remarks which are attributed to the Minister of Agriculture (Mr. Gardiner) in a clipping from the London *Free Press* for Saturday, March 24, 1956. The Minister of Agriculture is referred to as saying that, "in so far as Canada is concerned, this dumping is the dumping of cheese in Canada." I do not think the Minister of Agriculture is quite correct in that statement because from what I have been able to gather I do not think New Zealand is actually dumping cheese here inasmuch as she is not selling it here below the cost of production in New Zealand.

I made some inquiries in this regard and apparently the Dairy Producers Marketing Commission of New Zealand—or so I am informed by the officials of the Department of Trade and Commerce—actually are not subsidizing the export of cheese although I must confess that the information was somewhat vague and uncertain; so it could be that they are, but apparently, according to the information from the Department of Trade and Commerce, they are not.

In this respect I should like to refer to a resolution that I received from the Oxford County Federation of Agriculture which reads as follows:

> Be it resolved that the Ontario and Canadian Federations of Agriculture make emphatic representation to the federal government asking the imposition of a tariff duty upon all imports of cheese, milk powder and other dairy products equivalent to the protection granted other industries and sufficient to allow producers of dairy products an equitable share of the national income.

I have considered that resolution, Mr. Speaker, and I have discussed this matter with a large number of people, and it would seem to me that there should be a tariff of 5 cents a pound on cheese and 4 cents a pound on skim milk powder. This would be an increase of 4 cents a pound on cheese and 3 cents a pound on skim milk powder. It is rather interesting to note, Mr. Speaker, that actually this would not really be an increase in the tariff. If the tariff is raised to 4 cents a pound on skim milk powder, it is actually at a lower rate than the tariff of 1 cent a pound when it was placed on skim milk powder in 1932 because at that time, as I pointed out before, skim milk powder sold at 3 cents a pound. If there was a tariff of 5 cents a pound on cheese there would be a slight increase in the tariff rate from that in 1932. In 1932 the rate was 10 per cent. If there were a tariff of 5 cents a pound on cheese at the present time it would amount to a rate of about 18 per cent. I understand that the Liberal government takes the attitude that it will lower tariffs but never raise one. I think this is an extremely rigid and unrealistic attitude for any government to take. Occasionally there arise situations that cannot be foreseen. While one might have a general policy and follow it out, occasionally situations arise when the imposition of tariffs becomes necessary. As I have pointed out, actually to raise the amount of tariff by 1 cent to 4 cents on skim milk powder and by 1 cent to 5 cents on cheese is actually—certainly in the case of skim milk powder—not really increasing the tariff as far as the rate is concerned.

Now, in this regard there is something I should like to point out. A minimum protection of three cents a pound on skim milk powder from all sources might result in the price being maintained at a higher level throughout the year at a cost of approximately 12 cents direct per capita. Now, that does not seem unreasonable to me, compared with the cost in taxes for railways, unemployment

insurance, gold mines and other things. This would place approximately $2 million more per year in the hands of dairy farmers and would be $2 million more in purchasing power for farm implements and supplies; $2 million towards keeping the industry in Canada; $2 million that would help the dairy farmer and avoid the necessity for depleting his capital.

In closing, I should like to point out one other thing. The Ontario cheese producers association have done a remarkable job in marketing their own produce by means of a stabilization fund. It has been suggested by many leaders of the dairy industry that a similar plan be put into operation for the whole of the dairy industry. I contend that any "self-help" plan run by an association such as this is much better than any government board set up to do the same thing. There is a genuine desire to sell under a "self-help" scheme. No such scheme as this, however, could be effective or would be worth-while unless the dairy industry is protected against the importation of New Zealand cheese and skim milk powder. I think it is very nearly time the government considered putting a tariff on these items and caught up with the times.

Mr. Roland Beaudry (St. James): Mr. Speaker, my first duty in rising tonight is that of thanking providence for restoring my health, and in the same breath thanking those of my colleagues who were so generous in their sympathy and understanding over a long period of more than two years. Now that I am back, I see that nothing has changed. Soundness, Mr. Speaker, still comes from your right and sound from left centre. Yet, there does seem to be something new, something new and I trust not too permanent. The Conservative party seems to have sprouted a new wing, a busy, busy little wing. This little wing seems to be dedicated to what my late friend, the great Louis Francoeur, would have described as "the passionate pursuit of the fly speck".

Mr. Hamilton (Notre Dame de Grace): We will get some of the fly specks, too.

Mr. Beaudry: In less than three years, Mr. Speaker, this wing has established an all time low in the discussion of public affairs. It sits together in a compact group under the joint leadership of the hon. member for Notre Dame de Grace (Mr. Hamilton), the hon. member for Quebec West (Mr. Dufresne) and the recently added temporary recruit, the hon. member for Restigouche-Madawaska (Mr. Van Horne).

Mr. Dufresne: That is going to be a very good contribution to your party.

[Mr. Nesbitt.]

Mr. Beaudry: These joint leaders, Mr. Speaker, are tireless in their pursuit of the miserable fly speck. They have no peers at the lowest altitudes and their range is limitless, although if I may borrow from the vernacular of aeronautics, they usually seem to fly by the seat of their pants. The measure of their courage—

An hon. Member: Pull up your own pants.

Mr. Beaudry: —their vision, their concept of statesmanship is best assayed by their contempt for the higher issues. They prefer to deal in human equations, to trade in human frailties. They stand up in this house as the knights of the picayune. Oftentimes, their concern for the safeguard of the nation's interest forces these gallant knights to ride in different directions. The hon. member for Notre Dame de Grace is wont to ride, galloping, in search of wall-eyed reindeer. The hon. member for Quebec West has no less zeal but less ambition. He has drawn to himself the somewhat lower duties of counting house attendance and members' bar chits. They ride fearlessly, their lances tilted to the ground, the better to scavenge, the better to display their infinite genius which is a genius for the small and low things. Woe to him who does not meet their standards of human assessment. Their wrath is soon spoken.

Now, the hon. member for Notre Dame de Grace has acquired to his escutcheon other bars. He wields his scalpel not only on the living, but under his valorous hand it becomes a dissector of the dead—even for them, he shows no respect. These are but a few of his glorious achievements in statesmanship.

In less time than it takes to say Bill Hamilton, he has burst the bubble of legend and tradition under which the gentlemen who have sat in this house for over 80 years have conducted the affairs of this country. Under his leadership, this house has learned that the confidential perusal of confidential papers no longer imposes on one the duty of respecting confidences. In one fell swoop of his shining scimitar this valiant knight has severed the bonds which, honour imposed, spring from mutual trust and respect, and by which this parliament has been guided ever since Sir John. I have a premonition, Mr. Speaker, that given another year or so we shall come back to these standards. No one will suffer, least of all the Conservative party. But that is enough, I think, about him. We should deal with matters beyond his scope and come to the budget.

Thrift is frequently a virtue, perhaps always. However, it offers a pitfall here and there. I should like to bring one to the attention of three ministers, perhaps more.

The ministers concerned are the Minister of National Revenue (Mr. McCann), the Minister of Finance (Mr. Harris) and the Minister of Defence Production (Mr. Howe). We on this side of the house have long held to the theory and practice that government purchases by tenders should be made from the lowest tenderer whenever he offers the required guarantee of performance. I have no quarrel with this practice and its application, and I am well satisfied that it best serves the interests of the Canadian taxpayer in most cases. I would, however, like to take issue with the application of the principle in cases, infrequent I grant, where it does not best serve the interests of the country. And broadly, this applies to cases where all tenderers for the sale of a given commodity offer no supplies of Canadian origin, but are importers of such supplies from any of the group of different countries, some of which undergo different treatment in respect of import duties.

The specific case I have in mind does not deal with large amounts of money; it deals with the purchase of musical instruments for the armed forces, most of the instruments purchased being of necessity of foreign manufacture. The concrete result is that by purchasing from the lowest tenderer as against a slightly higher tenderer the saving effected thereby is sometimes smaller than the income which would be derived from the duty which the higher tenderer would have to pay to import his goods into Canada.

I have some specific facts and figures on a group of tenders. I refer to tender B-20 A-1—642, March 30, 1954, where a low tenderer offered units at $146 and where a high tenderer offered goods at $163. We purchased from the low tenderer, as was normal. However, in effecting our purchase we overlooked the fact that the goods purchased at $146 had entered Canada duty-free, whereas the goods which would have been purchased at $163 had entered Canada after paying a duty and a sales tax amounting to $20.10, so that if this country had purchased from the higher tenderer we would have saved $3.10 for each unit purchased.

I will not bore the house, Mr. Speaker, with further examples, but I would say this. I would suggest to the three ministers concerned—and there may be others—that in any such cases we should not be necessarily guided by the almost inexorable law to purchase from the lowest tenderer, but perhaps by exceptional practices to first determine the true eventual dollar profit to the national exchequer. I am sorry, Mr. Speaker, and I fully apologize to the hon. member for Notre Dame de Grace and the hon. member for Quebec West for discussing such a topic in this house before them, so far removed from their usual topics that I am almost embarrassed in bringing it up.

To come back for a moment to that virtuous nimrod, the hon. member for Notre Dame de Grace, that intrepid knight who looks a stamp in the eye before he licks it, that fearless discloser of confidential information, that gallant slighter of those we honour in their death, let me say this to him: Leadership is an attribute, it is not a cognomen of a man for desire or personal ambition. It is an achievement for which there is no stepping stone other than—

Mr. Van Horne: Mind and body, both.

Mr. Beaudry: I would hate to interrupt the hon. member for Restigouche-Madawaska, but I shall resume as soon as he has completed that part of my speech. I would like to repeat, leadership is not the result of aim or of ambition. Leadership is not the stepping stone to anything, nor does it require any stepping stone except the overnight shedding of personal ambition for the permanent preoccupation of public interest. Leadership—the preoccupation of public interest—is not the constant daily whine over the vagaries of nature. It rises above that. It accepts that to err is human and to amend and to correct and to atone sometimes sublime.

Leadership is the courage to implement altruistic dreams. Leadership is the quality to do what could not be done; to perform where others would wish in word; to become architects and engineers, planners and artisans, where others would linger and tarry over discussion of fancied taste in interior decoration.

Leadership is a quality in men in whom other men recognize that quality and whom they endow with that dignity and its responsibilities. Leadership is not the aim of personal ambition. Leadership is the natural evolution of the many toward the one or the few in whom they recognize the ability and the unflagging desire and hope to work to the last for the common interest, to palpitate with every heartbeat with the hearts of those whose main asset is a heart, and to match minds with the minds of those whom nature has endowed with more mind than heart, so as to reconcile the interests of all. Leadership, I would gently remind the members across the way, and not all of them, because a great many understand it so well, leadership is a series of proofs of self-denial in the interest of the public weal. In this party, Mr. Speaker, leadership is a succession of those who, beginning with Sir Wilfrid Laurier, had the vision to see that between the two oceans there should be a

perpetual link of material unity and who had the courage to implement their vision.

It is the advent of Mackenzie King who, under an austere exterior, concealed a heart; who, coping with the early-century ruthlessness of capital, applied his cold mind, tempered with an abundance of heart, to give Canada leadership in social advancement, in labour laws, in protection and security for the smaller man, to give every Canadian a vaster horizon. It is the advent and present tenure of one who completes a trilogy by inheritance of the greatest qualities of mind of the one predecessor and the greatest qualities of heart of the other; of one who perhaps will have no greater monument in this country, no greater monument in Canadian history, than the fact that, at the same time if by different people, but by all the people at the same time, he will have been known by some as Mister St. Laurent, and by others as "Uncle Louis".

May I felicitate the hon. member for Notre Dame de Grace, Mr. Speaker? He has truly assessed the frailties of great leadership. Some of our postage stamps offend the laws of aesthetics.

Of course, leadership has frailties, and the hon. member for Notre Dame de Grace has found most of them. His search for them has been so intensive that he, as a member for the island of Montreal, has failed to notice some of the achievements in Montreal proper in recent years since his arrival in this house. In this regard he cannot plead ignorance; he can only plead that he was busy with his fly specks.

When the hon. member next encounters his constituents let me suggest to him that he devote some scant minutes of his usual personally conducted tours in the catacombs of petty politics to recite briefly some of the recent achievements of Liberal leadership in the city which he was misguidedly elected to represent some time ago. Let him expostulate as long as he chooses to his constituents on the merits of his attendance, on the personal qualities of his left bower from Quebec city and on their joint discoveries in the field of pettiness, of human frailty, of weaknesses and of the sordidness which seem to have a natural attraction for them. Then let him mention that Liberal leadership, which flubbed so disgracefully in selecting a postage stamp, at the same time was busy making plans for the following: $8 million for improvements in the Montreal harbour this year; $47 million for canalization construction in 1956 and 1957; over $20 million for a new bridge to the south shore; $20 million for a new hotel, graced by a name which I think is ill-suited for a commercial purpose; and $13 million for the first slum clearance project in Quebec, in my own riding of St. James.

[Mr. Beaudry.]

Let the hon. member deal in fly specks and human misery; we shall continue dealing in human well-being and happiness; and each will have best fulfilled the dictates of his heart and his mind in the pursuit of welfare for his fellow men.

Mr. C. E. Bennett (Grey North): Mr. Speaker, first of all I am going to take advantage of this budget debate to again direct the attention of the house to the present difficulties of the Ontario farmer. As I said a few weeks ago in the house, the urban centres in my riding are enjoying the general prosperity of Canada but the income of my farmers has been reduced considerably. There is no question about it; in fact, the farmer has lost ground quite seriously during the past two years.

In his budget address the Minister of Finance (Mr. Harris) said that Canada's gross national product had reached a record high of $26·6 billion, up 10 per cent from the previous year, and he predicted in his budget speech that there would be a further rise of 5 per cent next year which, as the minister said, is the average annual increase in our gross national product during the last few years during which time our country has experienced such a great growth and development. My concern tonight is not only that the farmer is not now sharing in the general prosperity of the country but that his lot may not be any better during the next fiscal year.

Many figures have been given both by hon. members in this house and by farm organizations to show that the farmer's income is down. Some of the figures are exaggerations and others are certainly misleading in that they make comparisons with peak years, but there is no doubt that the farmer in both Canada and the United States is being caught in a cost squeeze.

Over the weekend a farmer from Grey county showed me his income tax return for 1955. His gross income amounted to $5,382.50, made up in round figures principally of cattle sales amounting to $1,600, proceeds from the sale of hogs $2,450, and proceeds from the sale of dairy products $1,150. His expenses totalled $4,073.98 which left a net income of $1,308.52. This net income was the return on his investment and the wages for himself and his wife. I do not need to point out to the house that if the total hours worked by the farmer and his wife were divided into the net income of $1,308.52, forgetting altogether the interest on money invested, the rate of wages per hour would be at a ridiculously low figure. The farmer of whom I am speaking is a good average farmer who lives on a good 100-acre farm.

I think most people are convinced that the farmer's real income is down and they are sympathetic with the plight of the farm community. Now the question is what can be done about it.

I want to say first of all that the farmers I represent are appreciative of the agricultural policies developed and implemented by the Minister of Agriculture (Mr. Gardiner) over the last 20 years and the farm policies of this government. To be fair I must point out that the net worth position of the farmer is much better from a capital point of view now than it was in 1940. Mortgages have been paid off; he is in a sounder capital net worth position. On behalf of my farmers I would like to thank the Minister of Agriculture for his announcement that the floor support under butter will be continued for another two years at 58 cents. I have received many thank you letters from farmers in my riding expressing appreciation of the floor support under butter. In 1955 Grey county produced more butter than any other county in Ontario and this floor is of the utmost importance to the farmers in my riding.

The farmers I represent are also appreciative of the price support which has been given to other farm products. I said a few weeks ago in the house that if it were not for the floor price of 23 cents under hogs there is no doubt in my mind that the price on hogs today would be considerably lower. The support of 38 cents under eggs is also of material assistance as are the premiums paid on grade A and grade B hogs and the feed grain subsidy. All these things help the farmer.

The question remains: How are we going to get the price of cattle and hogs up to a figure nearer parity with the costs of the farmer? I do not wish to go over the same ground I have already covered in this house but I am of the firm opinion that it is of prime importance to have on the statute books of Canada, and of the provinces, legislation to assist the farmer to help himself by setting up marketing agencies and marketing boards whereby there can be orderly marketing of farm products, whereby the farmer can sell his farm products in a modern, efficient, salesmanlike manner, and whereby he will have some control over surpluses.

I think all hon. members know that a reference has been made to the Supreme Court of Canada to test the validity of the present Ontario marketing legislation. In my opinion the Ontario and federal governments were very wise indeed to refer this matter to the supreme court because there has always been this question of constitutional validity and jurisdiction in connection with the marketing legislation.

If the supreme court renders a verdict that our legislation is faulty, if it says that the Ontario marketing legislation is ultra vires because of some deficiency in our legislation, then I would urge the Minister of Agriculture to have legislation prepared in advance so that new legislation would be placed on the statute books of Canada, at this session, to authorize the provinces to pass marketing legislation which would be within their competence.

Marketing schemes and agencies will not solve all the difficulties in the present situation but it seems obvious to me that 100,000 individual Ontario farmers cannot market their farm products on a hit or miss basis, and where there are surpluses, on a panic basis, and expect to receive a fair return for their investment, risk and labour. Especially is this true when one considers the recent development of the concentration of buying power in the purchasing of foodstuffs. The packing houses used to be blamed for fixing the prices of livestock, but the concentration of organized buying power has shifted to a new and different level, the large retail chain organizations.

It is said that 60 per cent of all buying of foodstuffs for the whole dominion of Canada is concentrated in the Toronto area, and that buying there is confined to four or five large retail chain organizations. Just think of the tremendous authority of this buying power exercised at this level. For instance, these large organizations may say this week, "We will push Ontario Northern Spies instead of Florida oranges", or "We will push pork this week instead of fish." A decision such as that is of tremendous importance to the producer. What chance has one farmer in competition with 99,999 other Ontario farmers in the face of this organized concentration of purchasing power?

Farmers all over Ontario are coming to the conclusion that while governments may help them, the farmers must help themselves by setting up central selling agencies. Selling is a professional business just the same as buying for the chain stores is. And farmers are now realizing that they will have to employ modern methods and engage top-notch professional salesmen if they are to find lucrative domestic and foreign markets.

I would like to ask hon. members, where would the western wheat farmer have been during these recent years of huge surpluses if it had not been for the wheat board. The milk producers of Ontario are properly organized and at the present time they are satisfied with the prices they are receiving.

After all, the selling of farm products is no different from the selling of other products. It requires organization, advertising, the constant and persistent seeking of wider markets and the same promotional methods that are used today by big business.

It has often been said that our farmers are losing sales because of inferior packaging and merchandising, and that is true particularly with regard to products such as cheese, apples, other fruits and vegetables. Better packaging and merchandising will flow from and follow the setting up of efficient marketing boards and schemes.

May I give you another example. The Ontario hog marketing association is only in its infancy but the results obtained have been quite satisfactory to date. I should like to quote from a speech made by Mr. C. W. McInnis, president of the Ontario hog producers association, to the commodity marketing conference held in Toronto on March 14 last. I think Mr. McInnis made a good speech, and I should like to quote part of what he said, as follows:

> Let us look at some results of salesmanship. In 1951 the Chicago hog price dropped from a high to a low on a dressed weight basis of $7 per cwt. In the same year, when we did not have an agency, our price dropped $12. It dropped $7 in eight weeks. In 1955 when we in Ontario were selling through our agency, the Chicago price dropped $13.50, while the Toronto price only dropped $7.50.
>
> In 1955 while there was shipped to the U.S. from Canada 57 million pounds of pork our price averaged $3.22 for B-1 hogs over the top grade of the U.S. The spread in the last six months is as follows: August $5.21 above Chicago; September $4.89 above Chicago; October $3.56 above Chicago; November $5.80 above Chicago; December $7.35 above Chicago; and January $6.20 above Chicago.
>
> Our prices in Toronto have increased over Winnipeg from $1.64 to $3.00; over Calgary from 85 cents to $2.90; over Edmonton from 36 cents to $3.22.
>
> On January 25, the largest meat packing firms in Ontario informed our marketing agency that they would not pay over 23 cents. Since that time there have been 36 market days and there have been only three days in which they purchased hogs at 23 cents, and 33 days in which the price has ranged from ½ cent to 1½ cents above the 23 cent level.
>
> When you consider that one-quarter cent higher price yields a weekly total gain to Ontario hog producers of from $10,000 to $12,000, you can readily understand the thousands of dollars which our experienced salesmen have brought to our producers. A still better story can be told by the peach growers marketing board on the results of their first year of operations.

I think Mr. MacInnis has taken a little too much credit because part of the credit certainly is due to the floor support by the federal government. But at the same time the hog marketing association has achieved most satisfactory results.

In closing my remarks on marketing legislation I submit that this is one place where the federal government may help the farmer.

[Mr. Bennett.]

I urge the government, as I have said, to have legislation ready to pass at this session, if it is necessary to do so, to empower the provinces to pass valid marketing legislation. I think our federal legislation should include power to widen provincial marketing schemes into national schemes if and when the time comes that a national marketing scheme is necessary.

Dr. H. H. Hannam, president of the Canadian Federation of Agriculture, said recently:

> The government assistance we have in mind will be that of co-operation and assistance in carrying out marketing programs, more so than providing any considerable financial assistance.

If we as the federal authority then pass this empowering legislation we will have done our part. If the provincial governments do not take advantage of it or if the farmers do not utilize the legislation to the fullest extent, at least we will have done our part.

You may think that I am speaking against the consumer this evening when I advocate the setting up of a counterbalance to the power which has developed in the hands of the chain stores, which power undoubtedly has resulted in the lowering of prices to the consumer. On the contrary, I submit that it is essential, if our economy is to remain on a firm footing, that purchasing power be restored to the farmer. The farmer is dragging at the present time, and if he continues to drag, if he does not bring us all down with him, certainly he will at least brake the growth and development which our country is presently experiencing.

The only other representation that I have to make to the right hon. Minister of Agriculture (Mr. Gardiner) is to ask him to give consideration to doubling the premium on grade A hogs. As hon. members know, at the present time the premium is $2 on grade A and $1 on grade B1. This proposal of mine is not an original one, as it has been put forward on a number of occasions by farm organizations. I remember that a former member for Wellington North, Mr. Darroch, made a speech on this subject some time between 1949 and 1953.

While the Ontario hog producers association has achieved a good deal of success up until this time, admittedly it will take time before it can materially up the price of hogs, as it would take any marketing agency some time to improve the price of the farm product with which the agency was dealing. However, I am confident that if the Ontario hog marketing association will continue to tighten its organization and better its selling techniques that it will continue to exert an influence for better hog prices. In the meantime it is essential that we place more purchasing power in the hands of the farmer.

Last year Canada consumed about 90 per cent of its pork and most of our exports went to the United States. As we all know, Canadian farmers have been able to sell pork in the United States at prices considerably higher than the U.S. farmer is receiving for his pork, simply because we are selling a quality product. The United States buyer has always been interested in our lean bacon. It would seem logical therefore that quality production should be further encouraged and at the same time place additional purchasing power in the hands of the farmer. It might be argued that the doubling of the premium on grade A hogs would have a tendency to encourage production, but in refutation of that argument I would say that tendency would not be nearly as great as would be the case if the floor were raised under hogs.

I think the Minister of Agriculture would say to me that if I want the premium on grade A hogs raised I should go to the premier of the province of Ontario. It is true that in Ontario we did have a premium on grade A hogs provincially which was discontinued some time ago. The only thing I can say to the minister on that point is that the government of the province of Ontario has not shown much interest in the farmers in this regard, and therefore I am appealing to him to help the hog producer in a direct way. After all, we did grant substantial assistance to the western wheat farmer this year, and this is one way we can help the hog producer who is also in serious trouble.

Turning away from farm problems, I should like to make one or two suggestions to the Minister of Finance (Mr. Harris) and I will state them very briefly. One is that I hope that some day soon the government will give favourable consideration to the granting of a handicap allowance to blinded persons of Canada without a means test. I do not think I have to elaborate on the great handicap under which the sightless citizens of Canada are living in this modern age.

The other point I want to make is that I think we should increase our contribution to the Olympic fund. A few weeks ago the Prime Minister (Mr. St. Laurent) said in the house that no application had been made for assistance but if one were made I would hope that the government would be generous. In the days of the cold war I do not think there is a better way of selling our country and our people than to make a better showing than we have been making at the Olympic games. I know there have been many editorials in the papers saying that we have got to be good sports, we cannot win the hockey crown all the time and so on, but I think the point that rankles in the minds of Canadians is that we did not make the best use of our talent and Russia did. That is no reflection on the Kitchener-Waterloo Dutchmen who were good sportsmen and good representatives of our fair dominion.

There is one other point I should like to bring to the attention of the Minister of Finance, and it is probably a very minor one. I should like to say this to him. A person who gives his or her blood to the Red Cross or a recognized blood bank clinic should, I submit, be given a receipt for so much money, say for $25, for a pint of blood or whatever the current price of blood is, which receipt would be used by the donor as an income tax deduction. At the present time if a person gives $25 to a hospital he may deduct that amount from his income tax but a person who gives $25 worth of blood cannot claim a deduction. What brought this to my attention is the fact that in the small town where I live it is always the same small group of people who are going to the hospital and giving freely of their blood. It is usually people in the working classes who could certainly use an income tax deduction. Of course, you would have to exempt people who gave blood for use by a member of their families or for replacement at a hospital of blood used for their families or their friends. However, I think my proposal is an equitable one and would also have the result of increasing the giving of blood in Canada. We can always use a large quantity of blood in this country.

The budget has been called a standpat budget, and I suppose that phraseology does describe it as far as tax changes are concerned. I thought the minister was quite clear in his explanation why there could be no changes in the general level of income tax or in the sales tax or special excise taxes. But certainly the phrase "standpat budget" does not describe that portion of the minister's budget address which dealt with Canada's booming economy. Nor does it describe with any accuracy the great fiscal achievements of the government during the past year in the field of federal-provincial relations.

As the minister said in his address, at the federal-provincial meetings held this year a foundation was laid for a working arrangement with the provinces to look after those Canadians who are out of work and who are not covered by unemployment insurance. Again, a more advantageous tax sharing plan has been arrived at, certainly more advantageous for the provinces, in place of the present tax rental agreements, and this is an important step. Finally, the foundation has been laid for a national hospitalization scheme which will provide for both hospital care and

diagnostic services whenever six of the provinces, representing a majority of Canadians, decide to enter into an agreement with the federal government under the federal-provincial health scheme.

My constituents are particularly interested in the national health plan because while the great proportion of the labour force and people in the middle and upper income brackets in the cities are covered by some health insurance scheme, in the smaller places a great number of people are not so covered. Therefore I look forward to the time when six provinces, representing a majority of Canadians, signify their willingness to enter into the agreement.

Before I sit down I want to congratulate the Minister of Finance on the forecast he made during his budget address last year with respect to the fiscal year 1955-56. His forecast was remarkably close. As usual, the Conservatives were very pessimistic last year. They seem to like to be pessimistic. I remember that when I first ran in 1949 I did not know very much about Progressive Conservative policies but one of the main planks in their platform was that our international trade was dwindling, that Canada was very dependent on international trade and that we were headed for ruin, despair and a real old-fashioned Conservative depression. In 1953 the story was just the same. The Tories then said: Oh well, that would have happened if the Korean war had not come along and saved the Liberal government.

As a matter of fact, the first time I ever heard a leader of the Conservative party was back in 1925. You will recall the campaign that was waged then. It was called the blue ruin campaign. Again last year we had gloom and despair. To be fair about the matter the Conservatives did have a young man, the hon. member for Broadview (Mr. Hees), who was their national president and who tried his best to inject some new spirit and optimism into the party. The Gallup poll a year or two ago reflected that he was meeting with some success—not much, mind you, but the Conservatives did gain a point or two. However, the old line Tories could not go for this new optimism, this new look, and they quickly kicked him downstairs. The Gallup poll of two or three months ago showed that the Liberals were creeping up again. I suppose the old line Tories are satisfied with their policy of keeping things as they are.

Mr. Monteith: Did you learn that in Walkerton?

Mr. Bennett: It would have done you good if you had attended at Walkerton. To be specific, last year the financial critic of the Conservative party, the hon. member for Greenwood (Mr. Macdonnell), had this to say in the opening portion of his speech, as found at page 2764 of *Hansard* of April 5, 1955:

> Whatever else can be said, I think we can regard this as a delightful excursion into optimism.

How pessimistic he was and how wrong he was!

Getting away from pessimism, may I say that in *Maclean's* magazine of March 31, 1956, I read an article written by Mr. Peter Newman in which he predicted that the Canadian gross national product would reach the sum of $43 billion in 1965 and $65 billion in 1975. I am confident that when the Gordon report is tabled it will at least be in line with Mr. Newman's thinking, because I am absolutely convinced that our country is going to continue to grow and expand and prosper as it has done during the last 20 years under the wise and sound fiscal policies of this government.

Mr. E. G. Hansell (Macleod): Mr. Speaker, once again it would appear that I come on the list of speakers at the end of a debate before a motion is put on the amendment. I recall that in the debate on the speech from the throne I was given about two minutes to make my speech before the deadline when the vote was taken. Once again I find that I am on the short end. However, I shall make the best of the situation and do what I can in the time still at my disposal.

In the first place it will be necessary for me to say something with respect to the subamendment proposed by the leader of the C.C.F. party. As recorded at page 2555 of *Hansard* his amendment adds to the main amendment these words:

> that it has failed—

Referring to the government.

> —to reduce the burden of sales and income taxes on those in the lower income groups, while continuing to favour privileged interests and those with unearned incomes by maintaining the 20 per cent dividend tax credit and by refusing to impose a tax on capital gains;

The latter part of the amendment as amended reads:

> and that these and its other failures demonstrate the government's irresponsibility and unfitness to hold office.

I have never been quite able to agree that amendments embodying so many points are amendments of the best kind to propose to the house. Usually we find that in such amendments some things are good while perhaps other things are not so good. For instance, in this subamendment the clause referring to the government's failure to reduce the burden of sales and income taxes on those in the lower income groups is an admirable one. That is something that we can

vote for. I think our record over the past years is quite clear and shows that we have always advocated a reduction of income tax on those in the lower income brackets. In fact, in our monetary proposals we demonstrate our belief that a good deal of taxation now imposed upon those less able to bear it could be completely done away with. I therefore do not think that our position in respect of that matter can remain in doubt in anyone's mind.

Then comes the wording, "and those with unearned incomes by maintaining the 20 per cent dividend tax credit". That is something that we have advocated previously and voted for. But in this amendment there is another clause which is not quite so appetizing to some of us. That is the clause "and by refusing to impose a tax on capital gains". I must modify my statement a little bit perhaps when I say that such a clause is not too appetizing to us. We believe, of course, that there is a certain amount of, shall I say, racketeering. That perhaps is an overstatement. However, we believe that advantage is taken of certain things in the sale of stocks and so forth. In the turnover, a certain amount of gambling is done whereby some people may make quite a pile of money and they perhaps should be taxed on such a capital gain. I think that we could agree perhaps with that part of the speech of the leader of the C.C.F. party, as reported on the same page 2555 of *Hansard*, in which he says this:

> I believe that the people who are making large incomes by manipulation and speculation on the stock market should be called upon to pay part of their gains to the government and the people of Canada whose resources are the basis of exploitation and speculation.

I think we would agree with that statement without any reservation. But as the amendment is actually worded, any capital gain would be subject to taxation. That would mean that many of those in the small income brackets may have imposed upon them taxation which we do not believe would be altogether justified. For instance, there is the small home owner who purchases a home and puts some improvements on it. By reason of certain factors that might enter into that particular transaction over the years, the home owner will sell the home perhaps at quite a profit. But he is a small man. He should be entitled to that profit. Let us take into consideration our farmers.

Mr. Argue: We would exempt them.

Mr. Hansell: Thousands of them have bought their farms and now are able to sell them at a capital gain. They too would be taxed according to this particular amendment.

Mr. Argue: No; not at all.

Mr. Hansell: We are a little bit sceptical about that part of the amendment. Hence I say that, when amendments are presented, I believe it is wise to attempt to word them in such a fashion that there can be some unanimity or agreement, particularly when there are several opposition parties here. I do not suppose that it is the intention of the leader of the C.C.F. or of the C.C.F. party to present any trick amendment but it could be interpreted as a sort of trick amendment. If you vote for it, you vote for something that is perhaps against your conviction.

Mr. Argue: Do not be so suspicious.

Mr. Hansell: It is a sort of package deal. I never quite agreed with package deals because package deals usually contain within them something that is undesirable. It is like presenting a person with a bag of food in which there is a small bag of poison, and—

Mr. Argue: And you call that Social Credit.

Mr. Hansell:—you tell him to take it. That is all very well. The food that you take for the nourishment of your body may be good but the arsenic that is in the bag of food is going to kill you.

An hon. Member: It is good for the heart.

Mr. Hansell: That is the position in which we find ourselves. What are we going to do? It is a sort of double-barrelled amendment. They say, now it is all right; look down this barrel because it is not loaded.

Mr. Argue: You ask the hon. member for Rosthern (Mr. Tucker).

Mr. Hansell: When you look down that barrel the other barrel is bound to go off and blow your brains out.

Now, what are you going to do under a condition of that kind? If I had my way, I do not think I would have any reason to vote for the amendment. I would simply say that because there is arsenic in the package I am not going to take any of it. Of course that could be misinterpreted and it sometimes has been misinterpreted. I recall that some years ago the C.C.F. proposed an amendment involving the nationalization of the banking system. Following that the hon. member for Lethbridge (Mr Blackmore) moved another amendment which to us was an expression of our desires in respect of our financial policy. Well, the C.C.F. voted for our subamendment. While we stated in our speeches we did not believe it was necessary to nationalize the chartered banks, we did not have any particular reason

to vote against it and to be courteous with them, since they voted for our amendment, we voted for theirs. Then, what happened? They went all over Saskatchewan saying that we in the Social Credit group believed in nationalization. They said, "Pick up *Hansard* and you will see on page so and and so who voted for it." Sure enough, there the name of Hansell appears.

Previously I had given a speech saying I did not think it was necessary to nationalize the banks because it was not the ownership of the banks that amounted to anything, it was the financial policy pursued by the government through the banking institutions that was the important feature. I turned around and voted for it. I did not think I needed to worry too much about it. I do not know whether or not people take very much notice of the votes that are taken in this house. The C.C.F. will surely make capital of it just the same as they have done. I must say this, that I have been through many political campaigns in my lifetime and many people have said to me, "They will surely hold that against you in the next election." I have been elected to this house five times, yet in all the political campaigns I have been through I have never had anyone come to me and say, "Why did you vote this way or vote that way in the House of Commons"? I do not know whether people are too much concerned.

However, here we are. We are faced with a decision to make. What are we going to do? Well now, the subamendment is in reality a vote of want of confidence in the government. We do not feel confidence in the present government, and in saying that we do not want to say it with any vindictiveness. We do not want to be vicious. We believe they are men who, in their own consciences, feel they are doing right, but because we hold certain views we believe they are doing wrong, presenting wrong policies. Therefore, on that basis, we will have to take a chance. We are going to support the subamendment.

I do not have a great deal of time left at my disposal but I will make the best of it. We come to this position as we view the amendments that are before us. We observe the Conservative amendment. We observe the words used in relationship to their amendment. I must say this that our observations would lead us to believe that the Conservative party, as presently constituted, is largely destructive in its criticism. There are actually no proposals made which would give this country and the people of this country any idea that the Conservatives represent an alternative to the present government; that is my criticism of it. This is something that greatly concerns me because I have some little responsibility in campaigning throughout this country. I have several organizers that I attempt to direct here and there. My advice to them is never to go out as destructive critics. If you go out at all, then go out and state what the government is failing to do, but it is not necessary to kick them all over the lot in order to present to the people what we have as an alternative. We want to be as constructive as we can.

It is for this reason, for instance, that the hon. member for Lethbridge, when he spoke in this debate the other day, was not overcritical of the government. He had a message to present as to what Social Credit is able to do in Canada if our monetary proposals are countenanced and adopted by any government in power. While he was speaking, of course, there were a good many interruptions here and there by, I will not say critics but hon. members who perhaps did not have anything better to do. Those interruptions get into *Hansard* and our present rules of debate do not permit the hon. member for Lethbridge to get up and refute those interruptions. Of course we do know that when the subamendment is disposed of he could speak again. But if he does so, he is taking the place of some other hon. member who also wants to speak in this debate and perhaps that is not wise. The interruptions, therefore, are allowed to hang in the air. If the hon. member takes time out of his speech to explain and answer the interruptions then he has not sufficient time left to conclude what he has to present. The interruptions cannot be deleted from *Hansard*.

I regret that the hon. member for Regina City (Mr. Ellis) is not in his seat at the moment. I hope he does not think I am taking advantage of his absence. He interrupted the hon. member for Lethbridge when he was referring to the pipe line and stating that it was a monetary problem; that private enterprise could build the pipe line if the fiscal policy of this country was such that they could do it. Well, of course, the hon. member for Regina City pipes up and says, "Well, we are relying on private enterprise and that is why it is not being built." He is always interrupting by injecting into somebody else's speech the terrible features of private enterprise, blaming private enterprise; "that is private enterprise for you," he says over and over again. Well, now, this party is a private enterprise party. We believe that private enterprise has done a terrific job in this country. Let us remember this. I would dare ask my hon. friends where Saskatchewan would be today if it were not for private enterprise?

Mr. Argue: We are building our own gas pipe line.

Mr. Hansell: Well, now, let us look at private enterprise. Take agriculture itself. Agriculture itself is a private enterprise venture completely. I suppose agriculture is the basic industry of Saskatchewan, as it is in all the prairie provinces, and those provinces have become comparatively wealthy through their agricultural industry, which industry is a private enterprise industry. The same thing is true in the development of their mineral and oil rights. In Saskatchewan today that is being carried on by private enterprise and has not been interfered with in any way.

Mr. Argue: The co-operatives are also developing oil.

Mr. Hansell: The co-operatives are private enterprise.

Mr. Argue: In partnership with the government.

Mr. Hansell: Let us remember that the co-operatives are private enterprise. My hon. friends are always piping up and advocating co-operatives. So do we. Why? Because co-operatives are private enterprise ventures. You can contract out any time you want to, but co-operatives are not government ownership.

Mr. Argue: There are more in Saskatchewan than anywhere else.

Mr. Hansell: Let us remember that they are private enterprise.

I have a letter which I do not think has ever been read in this house, but let us see what the premier of Saskatchewan says about the oil and gas industry. This letter was written on April 21, 1949. It was addressed to Mr. Bryan W. Newkirk, 100 Adelaide street west, Toronto, Ontario. It comes from the premier's office and is signed by Mr. T. C. Douglas. I will read the pertinent paragraph; I will read it all if you wish.

Mr. Argue: Read it all; it is a short letter.

Mr. Hansell: The letter reads:

> Dear Mr. Newkirk:
>
> In response to your request for a statement of the policy of the government of Saskatchewan on the matter of mineral and petroleum development, I desire to reiterate the stand which we have taken and which has been expressed on numerous occasions in the past.
>
> The government is desirous of encouraging mineral and petroleum exploration, development and production to the greatest extent possible, and to that end it has embarked upon a program designed to lend technical assistance and advice to bona fide persons and organizations able and willing to proceed with this work. In addition, it gives a firm undertaking that no steps will be taken to expropriate or socialize the mining or petroleum industry in the province.
>
> At the same time, the government will take all necessary steps to protect the public interest, and to that end the mineral rights in certain areas will be defined and reserved in advance to the use of the crown, and royalties will be fixed guaranteeing to the people of the province a fair return from the mineral wealth produced.
>
> Yours sincerely,
> T. C. Douglas.

Mr. Sinclair: Real socialists.

Mr. Gillis: Regina manifesto.

Mr. Hansell: It is signed by the premier of Saskatchewan. There is another paragraph; I do not think I should read it.

Mr. Argue: Go ahead.

Mr. Hansell: It reads:

> At the same time, the government will take all necessary steps to protect the public interest, and to that end the mineral rights in certain areas will be defined and reserved in advance to the use of the crown, and royalties will be fixed guaranteeing to the people of the province a fair return from the mineral wealth produced.
>
> Yours sincerely,
> T. C. Douglas.

This is the exact policy of the Alberta Social Credit government. I am not critical of that policy at all. All I ask is, why do the hon. member for Regina City and others always pipe up and say, "Well, that is private enterprise for you", when in their own socialist bivouac they are encouraging private enterprise to run the two biggest industries in the province, namely, the agricultural industry and the oil and mineral industry?

Mr. Argue: Along with the co-operatives?

Mr. Blackmore: That is where they get their money from.

Mr. Hansell: Along with the co-operatives that are also private enterprise.

Mr. Argue: What are you doing for co-operatives in Alberta?

Mr. Hansell: Whatever we are doing in Alberta, we have become mighty prosperous in doing it.

Mr. Argue: You do not help the co-operatives any.

Mr. Hansell: Let us look at this matter of private enterprise. What is the function of private enterprise, anyway? Does anyone ever ask that question and does anyone ever analyse it and attempt to answer it?

Mr. Argue: Ask the loan sharks, the 26 per cent boys.

Mr. Hansell: It would appear our friends believe that private enterprise is responsible for everything. Well, it is not. The function of private enterprise—

Mr. Argue: Sometimes irresponsible.

Mr. Hansell: —is to go into business and produce, and believe me private enterprise has done a smacking good job of producing and making nations wealthy by reason of their productive resources. Take the United States, for example, one of the most powerful countries in the world. That country has been made powerful because it operates under a

private enterprise system and the same thing is true of Canada. The function of private enterprise is to produce.

Mr. Blackmore: Not to distribute.

Mr. Hansell: Not to distribute. When it comes to the distribution of production you enter into another field, and that is the function of a monetary policy, because it is through the operation of money that goods are transferred from one person to another, from assembly lines to markets, from markets right down to the consumer. That is the function of money. Our Social Credit position is that it is along the line of monetary policy that we run into the blockade on the distribution of the tremendous production that private enterprise is able to perform. The function of private enterprise is to produce, and the function of a monetary policy is to deliver the goods. Monetary policy is something that is not determined by private enterprise; monetary policy is something that is determined by the government in power, no matter whether it is Liberal, Conservative, C.C.F. or Social Credit. The determining of monetary policy is the responsibility of governments in power.

Now, I come to another criticism that was interjected by some members while the hon. member for Lethbridge was speaking. I am sorry I will not have time to take them all up individually, but there are evidently some members sitting on the Liberal side of the house particularly, and on this side too, who seem to be terribly worried about the Social Credit proposals respecting the national dividend. I do not know why they should be worried very much about it. If they think that we are a long way off from ever gaining power in this country, why should they be so worried about this national dividend? I have a suspicion that they are worried not over the national dividend but they are worried because our Social Credit proposals are beginning to grip the hearts of their own electors, and their own electors, being Social Crediters, are coming to them and saying, "What is your position in respect of this matter?" That is what is worrying them. Of course they have to make some attempt to answer the question and the best attempt they can make is to interject a little criticism here and a little criticism there.

The hon. member for Cochrane (Mr. Habel) read a statement from the works of Major Douglas on March 28 as recorded at page 2705 of *Hansard*. As we recall, of course, Major Douglas was one of the first men to propose a certain monetary technique for the distribution of our vast abundances. The hon. member read where Major Douglas had stated that perhaps eventually the national dividend would displace wages and the hon. member tried to make a great big thing of that.

Well now, what is the situation? May I ask the hon. member this? I mention this in passing because I must keep my eye on this old clock that goes around here. What is the hon. member going to say about unemployment insurance? When a man is out of work he receives unemployment insurance. Does not unemployment insurance displace his wage? The hon. member does not criticize that. Why should he then criticize the possibility of a dividend? All we say is that there is a basic flaw in monetary policy and that flaw consists in the fact that there is never enough money coming out of the process of production to buy back your total production; therefore there must be an additional amount of purchasing power put into the consumer end of the system in order to equate consumption power with productive power. That is all we claim, and in an age such as the one in which we live—

Mr. Deputy Speaker: Order. I have just been informed by the Clerk that it is 9.45 p.m.

Mr. Hansell: I would appreciate, Mr. Speaker—

Mr. Deputy Speaker: Under standing order 58, subsection 4, it is my duty to interrupt the proceedings and forthwith put the question on the subamendment.

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

YEAS

Messrs:

Argue	Knowles
Barnett	McLeod
Blackmore	Nicholson
Bryce	Quelch
Bryson	Regier
Castleden	Smith (Battle River-Camrose)
Coldwell	Stewart (Winnipeg North)
Gillis	Thomas
Hahn	Winch
Hansell	Yuill
Johnson (Kindersley)	Zaplitny—24.
Johnston (Bow River)	
Jones	

NAYS

Messrs:

Aitken, Miss	Brown (Brantford)
Applewhaite	Brown (Essex West)
Balcer	Bruneau
Balcom	Cameron (High Park)
Batten	Cannon
Beaudry	Cardiff
Bell	Cardin
Bennett	Carrick
Blair	Cavers
Blanchette	Charlton
Boisvert	Churchill
Boivin	Cloutier
Bonnier	Crestohl
Boucher	Dechene
Bourque	Decore
Breton	Denis

Deschatelets
Deslieres
Drew
Dufresne
Dumas
Enfield
Eudes
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fraser (St. John's East)
Fulton
Gagnon
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gingues
Goode
Gour (Russell)
Gregg
Habel
Hamilton (Notre Dame de Grace)
Harkness
Harris
Hees
Hellyer
Henderson
Hodgson
Hollingworth
Hosking
Houck
Howe (Wellington-Huron)
Huffman
Hunter
Jutras
Kickham
Kirk (Shelburne-Yarmouth-Clare)
LaCroix
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Lusby
Macdonnell
MacDougall
MacEachen
MacKenzie
MacLean
MacNaught
McBain
McCann
McCubbin
McDonald
McGregor
McIlraith
McIvor
McMillan
McWilliam
Martin
Masse
Menard
Meunier
Mitchell (London)
Monette
Monteith
Montgomery
Nesbitt
Nickle
Nowlan
Pallett
Perron
Pickersgill
Pinard
Poulin
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Ratelle
Rea
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robertson
Robichaud
Robinson (Bruce)
Robinson (Simcoe East)
Rochefort
Rowe
Roy
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Simmons
Sinclair
Small
Stanton
Starr
Stick
Stuart (Charlotte)
Tucker
Tustin
Van Horne
Weaver
White (Hastings-Frontenac)
White (Middlesex East)
White (Waterloo South)
Winters—150.

Mr. Speaker: I declare the amendment to the main motion lost.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue with this debate tomorrow, sir.

It being three minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

INDIAN RESERVE, DOUGLAS LAKE, B.C.—TIMBER SALES

Question No. 305—**Mr. Fulton:**

1. Has timber on the Indian reserve at Douglas Lake, British Columbia, been sold to private, non-Indian, interests?
2. If so, what is the name and address of the person to whom it was sold, and on what terms?
3. Was this sale one that required approval or authorization by the Indian affairs branch and/or by the Minister of Citizenship and Immigration? If no such approval was required, what are the circumstances regarding ownership and control of the timber?
4. If approval was required, were tenders called to ensure that the highest price was received? If tenders were called, how were they advertised? If no tenders were called, what was the reason for the sale being made by private treaty?
5. Is it the policy of the department in cases of such sales to employ its own qualified scaler to scale the logs to ascertain the amount actually shipped and paid for? If so, is this being done in the present case?
6. Are any other steps being taken to tally the lumber being shipped out or otherwise to check the amount of lumber realized from this sale so as to verify the receipt of full payment under the contract? If no such steps are being taken, what is the reason?
7. What is the general position and policy regarding the method of making or authorizing sales of timber from reserves in British Columbia, and of checking to ensure that full payment is received?

Answer by: **Mr. Pickersgill:**

1 and 2. The upper Micola band of Indians are cutting their timber on Douglas Lake reserve No. 3 under a permit issued under the Indian timber regulations, and are selling it to Western Pine Lumber Company. The company pays $6.00 per M for stumpage, $3.75 per M for felling, $5.00 per M for skidding, $5.00 per M for hauling to the mill, and a bonus of $2.00 per M f.b.m.

3. No. See answer to No. 7.

4. See answer to No. 3 and No. 7.

5. No. Scaling is being done by the British Columbia forest service.

6. The scaling by the British Columbia forest service provides an adequate check on the quantities of timber.

7. The Indian timber regulations established by order in council P.C. 1954-2025, dated December 22, 1954, provide for the disposal of timber by permits to Indians, and by licences to Indians or others. Permits are issued by the superintendent of the Indian agency without advertisement, with the approval of the band council. Licences are issued by the director of Indian affairs following public advertisement. In the case in question, it is understood that the upper Micola band council considered applications from four mills to purchase their timber and selected the mill which made the best offer. The check on quantities of timber is supplied by the scale returns furnished by the provincial forest service. Collection of payments for the quantities taken at the agreed sale price is supervised by the superintendent of the Indian agency.

IMMIGRATION STATISTICS

Question No. 372—**Mr. Knight:**

1. How many immigrants have arrived in Canada, during the ten years ending December, 1955?
2. How many of them have been in Canada long enough to apply for Canadian citizenship?
3. How many of them have so applied?

Answer by: **Mr. Pickersgill:**

1. 1,222,319.
2. No statistics are available.
3. No statistics are available.

INSTRUCTIONS TO IMMIGRANTS

Question No. 373—**Mr. Knight:**

1. Does the government sponsor classes in basic English for new immigrants to Canada?
2. Is there any directive issued by the Department of Citizenship and Immigration to those who prepare written information for immigrants to the end that basic and simple English be used in such literature?
3. Was any such instruction issued in regard to the preparation of the department's publication, "Handbook for Newcomers"?
4. Does the department consider that "Handbook for Newcomers" is easily understandable by new immigrants who have some knowledge of English?
5. Is this book distributed to all newcomers?
6. Before general issue was this book submitted to any individual or committee for examination in respect of simplicity of language?

Answer by: **Mr. Pickersgill:**

1. No.

2. Persons responsible for the preparation of informational material for immigrants are instructed to phrase the texts in simple language, consistent with accuracy and clarity.

3. No.

4. The English edition of the "Handbook for Newcomers" is intended primarily for the use of English-speaking immigrants. Other editions are available in French, German, Dutch and Italian.

5. No. Distribution of this publication is made by steamship companies to adult immigrants while en route to Canada; by provincial departments of education through language and citizenship classes; by voluntary organizations and agencies working with immigrants and by the citizenship branch of the Department of Citizenship and Immigration.

6. No.

HOUSE OF COMMONS

Wednesday, April 11, 1956

The house met at 2.30 p.m.

HOUSE OF COMMONS

APPOINTMENT OF AN ASSISTANT PARLIAMENTARY REPORTER—APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION

Hon. W. E. Harris (Minister of Finance) moved:

That the report of the civil service commission respecting the appointment of an assistant parliamentary reporter, laid upon the table of the house Monday, April 9, be now approved.

Motion agreed to.

FLOODS

PETITION REQUESTING DECLARATION OF ASSINIBOINE VALLEY AS DISASTER AREA

Mr. William Bryce (Selkirk): Mr. Speaker, I wish to present a petition signed by 2,511 persons residing in Manitoba, most of them in my constituency of Selkirk, asking that this House of Commons consider the advisability of declaring the flooded Assiniboine river valley and the interlake area a disaster area; and also asking this House of Commons to consider the granting of financial assistance on the basis of $5 per productive acre flooded during the 1955 crop year.

I believe this petition conforms to the provisions of standing order 70, and I trust the house will give favourable consideration to its representations.

STARRED QUESTIONS

BRIDGES, GREATER WINNIPEG—FEDERAL CONTRIBUTION

Question No. 38—**Mr. Trainor:**

1. What share of the cost of existing bridges over the Red and Assiniboine rivers in the greater Winnipeg area between Headingley and Selkirk, was borne by the federal government?
2. When were these bridges built?

Answer by: **Mr. Winters:**

1 and 2. St. Andrews lock and dam bridge at Lockport, Man., was built between 1908-1914, at a cost of $550,184.87. Total cost borne by the federal government. Selkirk bridge was built between 1935-38, at a cost of $283,008.07. Total cost borne by the federal government.

D.E.W. LINE—MID-WINTER HAUL TENDERS

Question No. 44—**Mr. Diefenbaker:**

1. Were Canadians given any opportunity to bid on the mid-winter haul to D.E.W. line points, out of Eagle, Alaska, into the Yukon, since October 1, 1955?
2. If so, which surface carriers or air lines were allowed to bid or given a chance to participate in the said operations?
3. If not, was there an exchange of notes between the Canadian government and the government of the United States of America, preliminary to the said work, and was it agreed that Canadian contractors would be given an opportunity to bid and would be asked to furnish tenders?

Mr. Langlois (Gaspe): Mr. Speaker, to the first part of this question the answer is that the government has no information as to whether or not bids were invited on the mid-winter haul to D.E.W. line areas out of Eagle, Alaska, into the Yukon, since October 1, 1955.

The second part of the question is answered by what I have just said.

The third part of the question can be answered in this way. The agreement between Canada and the United States for the construction of the D.E.W. line in Canada provides that Canadian carriers will, to the fullest extent practicable, be afforded the opportunity to participate in D.E.W. line transportation in Canada but does not provide specifically that Canadian contractors will be given the opportunity to bid or that they will be asked to furnish tenders.

Mr. Diefenbaker: May I ask a question arising out of that?

Mr. Speaker: Perhaps the hon. member could do so when we reach the questions before the orders for the day.

INCOME TAX—NON-COMPLIANCE BY YUKON CONTRACTORS

Question No. 45—**Mr. Diefenbaker:**

1. Have any complaints been received by the Department of National Revenue, since October 1, 1955, that Canadian income tax laws, customs and excise duties have been ignored by contractors participating in the haul from Eagle, Alaska, into the Yukon?
2. If so, from whom were these complaints received?
3. Has any action been taken by the government to assure compliance with Canadian law through supervision by Canadian customs officials of the freight traffic on the said line?

Mr. McCann: Mr. Speaker, in answer to the first part of the question I may say that

no complaints were received by the Department of National Revenue, but the Royal Canadian Mounted Police, acting on behalf of the department, reported the movement of goods from Eagle into the Yukon.

The second part of the question is answered by No. 1.

The third part can be answered by saying that immediate action was taken to ensure compliance with the law and all duties and taxes were collected on goods which had already entered Canada. The contractor immediately provided accommodation and expenses for the full-time services of a customs officer at a control point selected to meet the convenience of the contractor and the best enforcement of the customs laws and regulations.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TRAFFIC ACCIDENT STATISTICS

Question No. 41—**Mr. Knowles:**

1. How many persons have died in Canada in each of the last five years as a result of automobile or highway traffic accidents?
2. Has the federal government collected any information as to plans or programs designed to curtail loss of life from automobile or highway traffic accidents?
3. Has the federal government taken any steps to distribute such information or has it taken any other steps to assist in curtailing such loss of life?

Mr. Pinard: Mr. Speaker, as this question requires a rather lengthy answer and also involves several departments, I should like to ask that it be made an order for return. The return will be tabled later today.

Mr. Knowles: Agreed.

HIGHWAY BRIDGES—FEDERAL CONTRIBUTIONS

Question No. 158—**Mr. Hahn:**

1. What are the names and locations of highway bridges in each province to which the federal government has contributed financial assistance in building and repairs during the past ten years?
2. Which of these bridges carry both highway and railroad traffic, indicating the railroad in each instance?
3. What was the total expenditure on each bridge for the above-mentioned period?
4. How was the cost shared in each case?

SWIFT CURRENT, SASK.—RADIO STATION

Question No. 294—**Mr. Hamilton (Notre Dame de Grace):**

1. Since June, 1955, have any applications for a radio station in Swift Current, Saskatchewan, been considered by authorities of the federal government?
2. If so, what disposition has been made thereof?
3. What were the reasons?

[Mr. McCann.]

LIVESTOCK EXPORT AND IMPORT STATISTICS

Question No. 319—**Mr. MacKenzie:**

1. What were the exports of cattle and beef from Canada to the United States, and to all countries, for the calendar years 1954 and 1955, respectively, under the following headings: (a) cattle for slaughter; (b) cattle for feeding; (c) calves; (d) beef and veal; (e) beef and veal as estimated cattle equivalent?
2. What were the imports of cattle and beef into Canada from the United States, and all countries, for the calendar years 1954 and 1955, respectively, under the following headings: (a) cattle for slaughter; (b) beef fresh and pickled; (c) beef canned; (d) beef fresh, pickled and canned as estimated cattle equivalent?
3. What were the exports of hogs and pork from Canada to the United States and to all countries, for the calendar years 1954 and 1955, respectively, under the following headings: (a) swine purebred; (b) swine n.o.p.; (c) total pork; (d) total pork as estimated hog equivalent?
4. What were the imports of hogs and pork into Canada from the United States and all countries, for the calendar years 1954 and 1955, respectively, under the following headings: (a) total pork; (b) total pork as estimated hog equivalent?

FARM STATISTICS

Question No. 366—**Mr. Weselak:**

1. What was the total number of farms, by provinces, in Canada according to the 1951 census?
2. What number of those farms, by provinces, were in the classification of (a) 3 acres or less; (b) over 3 acres to 40 acres; (c) over 40 acres to 80 acres; (d) over 80 acres to 160 acres; (e) over 160 acres?
3. What was the total value of the agricultural production of farms, by provinces, within each of the above classes of farms?
4. What was the total income, by provinces, reported from sources other than agricultural production by farmers occupying farms within each of the above classes of farms?
5. For purposes of the 1951 census, what was the definition of a farm?
6. Will the same definition apply to the 1956 census; if not, what definition will apply?

WASTE PAPER CONTRACTS, FEDERAL BUILDINGS

Question No. 383—**Mr. Fraser (Peterborough):**

1. What individuals or firms had the contract for all the waste paper in the government buildings during the year 1955 in: (a) Ottawa; (b) Montreal; (c) Toronto; (d) Winnipeg?
2. What did each individual or firm pay the government during the year 1955?

PIERRE THIBEAULT AND SONS

Question No. 385—**Mr. Boisvert:**

1. Were any contracts granted to Pierre Thibeault and Sons, Pierreville, county of Yamaska, since 1950?
2. If so, how many and what was the amount of each contract?

MOTIONS FOR PAPERS

VANCOUVER-JOYCE SUB-POST OFFICE—CHANGE OF LOCATION

Motion No. 49—**Mr. MacInnis:**

For a copy of all letters, telegrams and other communications, from August 1, 1955 to February

24, 1956, between any person in the Post Office Department and any person or persons in Vancouver, British Columbia, relative to the change of location of the sub-post office Vancouver-Joyce (No. 9795), and the change of postmaster at the said sub-post office.

Mr. Kirk (Shelburne-Yarmouth-Clare): I wonder if the hon. gentleman would allow this motion to stand until the return of the Postmaster General?

Motion stands.

D.E.W. LINE—MID-WINTER HAUL CONTRACTS

Motion No. 51—**Mr. Diefenbaker:**

For a copy of all letters, telegrams and communications received by the departments of national defence, transport and national revenue, since December 1, 1955, containing complaints (a) that in the mid-winter haul to D.E.W. line points out of Eagle, Alaska, into the Yukon, Canadian surface and air lines were denied a chance to participate in the operations; (b) that regulations of the Canadian government dealing with licensing, income tax and other Canadian laws were ignored by contractors engaged in the said haul.

Mr. Langlois (Gaspe): As the minister implied in the statement he made to the house on Monday, April 9, the departments of national defence, transport and national revenue have received no letters, telegrams or communications since December 1, 1955, referring to the subject matter of this motion other than a copy of a letter from the Whitehorse board of trade to the hon. member for the Yukon. The hon. member to whom I have just referred has consented to the production of this letter.

Motion agreed to.

NATIONAL DEFENCE

MANNING AND OPERATION OF DISTANT EARLY WARNING LINE

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): On March 20, Mr. Speaker, the parliamentary assistant to the Minister of National Defence made a statement respecting the manning and operation of the distant early warning line and a number of questions were asked afterwards which I should like to deal with at this time. I wish to emphasize at the outset that this distant early warning line and other radar stations which have been discussed from time to time are for continental and not exclusively Canadian defence, just as certain joint defence projects in western Europe are for collective rather than merely national defence. That being the case, it seems to be appropriate that the United States, as the larger country with the most at stake, should have a major share of responsibility for these joint defence projects, even though they may be situated in Canadian territory.

As hon. members will recall, on February 22, 1955, I explained Canada's role in providing our share of these continental early warning arrangements. I pointed out then that as part of the over-all effort Canada had undertaken to finance, construct and operate the mid-Canada line. I also indicated that following joint Canada-United States announcements, which were made some months previously, and copies of which I tabled at that time, the United States had undertaken responsibility for the construction of a distant early warning line. Subsequently, an agreement, in the form of an exchange of notes, was made with the United States covering the construction of this line in Canadian territory. That agreement was tabled by the Secretary of State for External Affairs (Mr. Pearson) on May 20 last. It outlines in detail the conditions under which the United States was authorized to build the line in the interest of the defence of our two countries. It also preserves, as the minister said, the principle enunciated in the joint declaration of February 12, 1947, on defence co-operation that all co-operative arrangements will be without impairment of the control of either country over all activities in its own territory.

If hon. members will recall, it was indicated in the exchange of notes that the United States would carry out construction of the distant early warning system through a management contractor appointed by the United States, and that in fact is what happened. They will also note amongst other things that Canadian contractors would be extended equal consideration with United States contractors in the awarding of construction contracts; that, as far as practicable, electronics equipment would be manufactured in Canada; that preference would be given to Canadian labour; that nothing shall derogate from the application of Canadian law in Canada.

Experience with respect to the construction phase of that line has been very satisfactory. Contracts have been awarded to two Canadian construction firms, Foundation Company of Canada Limited and another, the Northern Construction and J. W. Stewart Limited, who are employing Canadian labour. A large number of subcontracts for goods, materials and services connected with construction have gone to Canadian firms. Very substantial contracts for air transportation have been placed with Canadian carriers, and a number of contracts for electronic material have been awarded

to Canadian firms. The closest liaison between the appropriate United States and Canadian authorities has been maintained from the outset of the program, and is still being carried on to ensure that the progress of the work is facilitated and the terms and the spirit of the agreement are observed.

This agreement for the construction of the line also stated, in paragraph 7, that the extent of Canadian participation in the initial operation and manning of the D.E.W. system would be a matter for later decision by Canada after consultation with the United States. That consultation took place and a decision covering the first three years was announced—the announcement that was made on March 20 by the parliamentary assistant to the Minister of National Defence (Mr. Hellyer).

The same general terms and conditions laid down in the agreement for the construction of the line are to apply in its manning and operation, and these, as has been pointed out, fully safeguard Canadian rights and laws.

Now, I come first to the question the hon. member for Vancouver-Quadra (Mr. Green) asked about contractors. The answer is that, while the civilian prime contractor for the D.E.W. line, for the construction phase, was a United States firm, there was, as I have pointed out, a very large participation by Canadian firms in the execution of the contract.

With respect to the operation and manning phase, proposals were invited from Canadian and United States firms and the best bid was that of the United States firm, and we were satisfied that this firm was properly selected to manage that part of the operation. In awarding this contract to the firm it has been understood that as far as possible Canadian personnel and facilities will be used in the execution of the contract. Perhaps hon. members will remember reading that within the last few days there have been applications to our employment agencies specifying the kind of qualifications that would be required and endeavouring to get as many Canadians as possible with such qualifications to take on work in that connection.

There has been close co-operation between the two governments in arriving at all decisions and this co-operation is expected to continue throughout the implementation of these decisions. I think the visit of inspection that has been made over the week end by the Minister of National Defence (Mr. Campney) and the Minister of Defence Production (Mr. Howe) with the secretary of defence of the United States and his deputy is just an example of the close co-operation that is maintained in that regard.

[Mr. St. Laurent (Quebec East).]

The hon. member for Rosetown-Biggar (Mr. Coldwell) asked if there were any other agreements of the same nature as the one dealing with the D.E.W. line allowing, as he put it, United States contractors appointed by the United States government to take over. The hon. member also wanted to know if these contractors and their employees were subject to Canadian laws or if there was some agreement with regard to the legal standing of those people. I have perhaps gone beyond the express terms of the question because I wanted to be sure that I was not leaving out any information that hon. members might wish to have.

In addition to the D.E.W. line agreement and the leased bases agreement which I shall deal with separately there are, apart from projects for which Canada is responsible itself, eight Canada-United States defence agreements under which contracts might be let by United States authorities; but there is a stipulation in all the agreements that Canadian contractors are to be treated on the same basis as the United States contractors. Those agreements, which in every case have been tabled in the house, are as follows:

The first is the "Pinetree" radar agreement made by an exchange of notes of August 1, 1951. These notes were tabled on February 25, 1953.

The next is the global communications agreement made by an exchange of notes of November 4 and November 8, 1952, and tabled on February 25, 1953.

The third is the Goose Bay lease made by an exchange of notes of December 5, 1952, tabled on December 16, 1952, for a certain area within the R.C.A.F. station at Goose Bay.

The next is the Haines-Fairbanks pipe line agreement made by an exchange of notes of June 30, 1953, tabled on November 19, 1953.

Another exchange of notes of May 1 and May 3, 1954, deals with the Loran station at Cape Christian, Baffin island, tabled on February 22, 1955.

Another exchange of notes of June 13, 1955, provided for an extension of radar stations from the "Pinetree" radar line, tabled on February 10, 1956.

Another exchange of notes of June 15, 1955, provided for gap filler radar stations in the "Pinetree" line, tabled on February 10, 1956.

Finally, an exchange of notes on September 22, 1955, in connection with a Pepperrell pipe line from the harbour of Saint John to the base which is just outside Saint John to avoid the inconvenience and the possible danger created by trucks carrying oil moving through the city of Saint John.

It will be appreciated that Canadian contractors have been employed on the construc-

tion of a number of these installations authorized by the above agreements.

For the sake of completeness I will mention one further installation even though it does not actually appear to come within the purview of the hon. gentleman's question. On July 9, 1954, the Minister of National Defence (Mr. Campney) announced the establishment of an oceanographic research station at Shelburne, Nova Scotia, which is now being operated jointly by the Royal Canadian Navy and the United States navy under Canadian command.

As hon. members will note when referring to the documents which were tabled, the terms of these agreements vary somewhat, but latterly we have been trying to cast them in a more or less standard form, similar to the terms of the distant early warning line agreements. In each case, except in the case of the leased bases agreement which was originally made between the United Kingdom and the United States as a wartime necessity in 1941, Canadian law is fully applicable, and it is expressly stated that Canadian law shall apply.

With respect to the leased bases agreements, it will be recalled that on May 1, 1951, I announced in this house that agreement had been reached through the permanent joint board on defence for the voluntary relinquishment by the United States of certain rights conferred by the leased bases agreement relating to income tax, customs and excise duties, postal privileges and, most important, the jurisdiction of the courts. A formal agreement to this effect was concluded by a subsequent exchange of notes which were tabled on May 2, 1952.

In all these arrangements for the providing of facilities on our territory Canadian sovereignty is fully recognized by the United States.

UNITED STATES CONTRACTORS—APPLICATION OF VISITING FORCES ACT

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to reply to the question of the hon. member for Esquimalt-Saanich (Mr. Pearkes) as to the possibility of the application of the Visiting Forces Act to personnel of United States contractors. The answer is that such personnel, being employees of contractors rather than of the United States armed forces, do not come within the provisions of the Visiting Forces (North Atlantic Treaty) Act. I do not think this is important because these agreements stipulate that the general Canadian law shall apply to those who are not provided for specially by the Visiting Forces Act.

[*Later:*]

FLYING OF "STARS AND STRIPES" AT U. S. MILITARY BASES IN CANADA

On the orders of the day:

Mr. Solon E. Low (Peace River): My question relates to the subject matter of the statement made earlier by the Prime Minister. Could the Prime Minister tell the house whether the terms of the leases to the United States of the bases on Canadian soil authorize the United States authorities to fly the Stars and Stripes above the Canadian flag on those bases?

Right Hon. L. S. St. Laurent (Prime Minister): I have never heard of the Stars and Stripes being flown over the Canadian flag. Perhaps the hon. gentleman means in the place of honour, instead of the place of honour being occupied by the Canadian flag.

Mr. Low: That is right.

Mr. St. Laurent (Quebec East): There is nothing expressed in these leases with respect to the flying of flags. I understand that there is an administrative arrangement between the R.C.A.F. and the U.S.A.F. about the flying of flags in all the places where there may be American personnel outside of the leased bases and that the agreement provides that the Canadian flag will have the place of honour. They will both be flown at equal height. I understand that the place of honour is the left side. I understand that it was readily agreed that, it being Canadian territory, the Canadian flag should have the place of honour.

With respect to the leased bases to which my hon. friend's question refers, what we regard as the leased bases are only the base in Newfoundland and a part of the R.C.A.F. air base at Goose Bay. Of course at Goose Bay it is the R.C.A.F. base and it is the Canadian officer in command of that base who has the place of honour for the Canadian flag. It may be that within the portion of the base that is occupied by American forces the officer in command would fly the Stars and Stripes. However, there is no arrangement as to any joint occupancy nor any conflict as to occupancy of the place of honour.

On the leased base in Newfoundland proper, which lease was made under the 1941 agreement by the government of the United Kingdom, of course there was no stipulation made with respect to the Canadian flag and there has been no stipulation made since then with respect to the Canadian flag within that base, but that being an American base for which they have a long-term lease—the lease was made by the United Kingdom

government for 99 years—I would imagine that the American officer commanding that base would fly the Stars and Stripes as his flag within that base. However, I have never heard of there being any conflict there with respect to the Canadian flag and I would imagine that the Canadian flag would be flown within the base just as a matter of courtesy whenever it was being visited by Canadian officers.

[*Later:*]

ALLEGED DEROGATORY ACTIONS BY UNITED STATES CONTRACTORS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): With further reference to the matter just dealt with by the Prime Minister (Mr. St. Laurent), I should like to ask this question. Would the Prime Minister say whether or not there has been any investigation into the allegations of the Whitehorse board of trade relative to what they stated were derogatory actions on the part of United States contractors in derogation of Canadian sovereignty? If so, were any representations made to the United States government in order to assure equality of opportunity for Canadian contractors which was apparently denied them in the Eagle, Alaska, D.E.W. haul?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, perhaps I can answer that question as I have just returned from Point Barrow where I discussed the episode. There are certain emergency lifts required in the winter months that present tremendous difficulty. Of course there are only two ways of getting a lift into certain warning line sites in Canada during the wintertime. One is by air and the other is by tractor train. In this particular case the nature of the lift was such that a particular machine was brought in for that purpose. It is known up there as "the monster". It was built in the United States. It has wheels which are, I think, six feet in diameter, each driven by a separate motor. It is the only one of its kind in the north country and it was used for certain lifts into the D.E.W. line. As I say, it is the only way in which to get heavy material from the railhead to these sites.

I would remind all hon. members that the D.E.W. line is a protection for Canada just as much as it is a protection for the United States. It is regarded as being of tremendous importance that the two lines—the distant early warning line and the mid-Canada line—be completed on a certain date. In order to bring that about emergencies must be taken care of. This movement amounted to very little in dollars and cents and it seems to me to be rather ridiculous to make a great fuss about the fact that the Canadian contractor there—and it was a Canadian contractor who was installing the equipment—made use of the only suitable equipment in the area—which happened to be United States equipment—to move in certain material for the D.E.W. line.

Mr. Diefenbaker: That is not the record at all.

LABOUR CONDITIONS

D.E.W. LINE—APPLICATION OF UNEMPLOYMENT INSURANCE ACT TO EMPLOYEES

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): With respect to the question asked by the hon. member for Comox-Alberni (Mr. Barnett) on unemployment insurance coverage, this was answered by the Minister of Labour (Mr. Gregg) on March 27, who described how the Canadian Unemployment Insurance Act applied to the work done under these conditions.

PIPE LINES

INQUIRY AS TO DISCUSSIONS WITH OFFICIALS OF TRANS-CANADA COMPANY

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of Trade and Commerce if he will acquaint the house with the nature and the result of his discussion today with officials of Trans-Canada Pipe Lines?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Perhaps at my next meeting with Trans-Canada directors I can ask the hon. member to attend, but at the moment I have nothing to report.

Mr. Fleming: Can the minister tell the house whether the government has under consideration any alternative means of constructing the pipe line than through the agency of Trans-Canada Pipe Lines? Or if any variations or changes are under consideration with respect to the terms of the agreement and the understanding with Trans-Canada Pipe Lines?

Mr. Howe (Port Arthur): I read in the paper this morning that we are going to have many months of discussion on the pipe lines bill so perhaps we can wait until we resume discussion on the bill before I answer this question.

Mr. Fleming: In view of the importance of the matter and the general interest will the minister not find it in his heart to give the

house some information as to whether the government would consider some alternative?

Some hon. Members: Order.

Mr. Howe (Port Arthur): I shall be pleased to let my hon. friend know of any change in the present arrangements that the government in its wisdom may decide upon.

IMMIGRATION

PAUL ROBESON—REASON FOR REFUSAL TO ADMIT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I address a question to the Minister of Citizenship and Immigration? Will the minister inform the house of the reasons for the reported refusal to admit Mr. Paul Robeson to Canada to give a series of concerts?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Yes, sir. As I think hon. members are well aware, it is not the policy of the government to admit known communists to this country, either as immigrants or as visitors. An exception has, however, been made in the case of Mr. Robeson and of one or two other persons who were coming here as artists for purposes which appeared to be purely artistic and to have nothing to do with politics in any way. It must be within the knowledge of most hon. members that Mr. Robeson made such a visit to Canada quite recently.

Mr. Coldwell: In February.

Mr. Pickersgill: It has been necessary for the government quite recently to give consideration to what attitude would be taken to applications from prospective visitors from the Soviet union to visit this country and it has been decided, as a matter of policy, not to give visas to visitors from the Soviet union who are proposing to visit Canada under the auspices of communist or communist front organizations.

When my attention was drawn to the fact that Mr. Robeson was proposing to make a tour across Canada, I felt it was proper for me to make certain inquiries as to the auspices under which that tour was being made. Having made those inquiries, it did not seem to me to be reasonable to admit from some other country a person who is a known and, I believe, a professed communist, who was coming here to perform under what were, according to the information I have, communist auspices. That, sir, is the explanation.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, in view of the explanation that has just been given by the Minister of Citizenship and Immigration, I wonder if he would say whether it is proposed to bar the visit of the Russian women who are coming under the auspices of the Canadian Congress of Women.

Mr. Pickersgill: I do not believe that any application has yet been made by these proposed visitors, about whom we read in the press, but I should think that, in view of the statement I have just made, the hon. lady would conclude that a visa would not be granted in that case under those auspices.

Mr. Coldwell: May I ask a supplementary question, following the question I asked just now? I understood from the newspapers—I do not know anything about it—that the organization bringing Mr. Robeson was Jerome Limited. If that is a limited company, is that a communist front? Is it a legitimate company? That is the point I am raising. I think this is a matter of civil liberties. I am not in sympathy with Mr. Robeson's political views by any stretch of the imagination.

Mr. Pickersgill: Well, I am not a policeman myself, and I have to rely for information on the properly constituted authorities. The information that has been given to me, which I believe to be quite reliable, is that this organization is a communist front organization.

AIRPORTS

RADAR EQUIPMENT—REPORTED AWARDING OF CONTRACTS TO U.S. COMPANY

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask a question of the Minister of Transport or, in his absence, of his parliamentary assistant. My question arises out of a press release stating that contracts will be or have been awarded by his department to a United States company for radar equipment for installation at 15 Canadian airports. My question is this. Is no suitable radar equipment manufactured in Canada? If none is at present being manufactured, are there not Canadian manufacturers with whom arrangements might have been made for its manufacture?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, since I received no notice of this question, may I take it as notice?

UNEMPLOYMENT INSURANCE

REPORTED TIE-UP IN CAMPBELLTON AND EDMUNDSTON OFFICES

On the orders of the day:

Mr. J. C. Van Horne (Restigouche-Madawaska): Mr. Speaker, I should like to direct

a question to the Minister of Labour with regard to the figures submitted in the house by the Minister of Labour, in answer to my question, stating that 3,654 unemployment insurance cases from Campbellton and 3,452 unemployment insurance cases from Edmundston—a total of 7,106 cases altogether—had been referred by those two offices to the Moncton office of the unemployment insurance commission. I still want to know—and I wonder whether the minister can now tell us after all this time—how many of these cases have been delayed from their dates of origin in their respective offices for more than two weeks.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I am glad to answer my hon. friend's question—which came up some time ago—in which he asked why the Minister of Labour did not tell the house how many of the 7,106 cases were delayed more than two weeks, cases that had gone from the north of the province to the regional office in Moncton. At that time I carried out a full investigation and I found that the figure that my hon. friend used covered those cases from September 1, 1955, to March 1, 1956.

Mr. Van Horne: They are your figures.

Mr. Gregg: Yes; they are my figures of my unemployment insurance commission. They were claims that were referred during those months from those two northern offices to the regional office in Moncton. He also knows, as do I, that to go back now and to look over those claims in retrospect would be an almost impossible job to get the required information that he has asked for. It is information that I am sure would be of no intrinsic value at this time and I know it would not reflect anything to the detriment of the administration of those two offices or of the Moncton office. What it would do, however, to attempt to undertake it, would cause delays in current assessments of claims, something which I know he does not want and which I certainly do not want.

HOUSE OF COMMONS

INQUIRY AS TO SITTINGS OF STANDING COMMITTEE ON AGRICULTURE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to a member of the government or perhaps to the chairman of the standing committee on agriculture and colonization. Can the house be informed when sittings of the committee on agriculture will be commenced and when it will be determined whether officials of the wheat board and of the board of grain commissioners will appear before the committee at an early date?

Mr. Rene N. Jutras (Provencher): Mr. Speaker, I have asked the Clerk to call a meeting of the committee for tomorrow for organization purposes. It is hoped to get on with the reference which has to do with the Farm Improvement Loans Act early next week.

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Mr. A. E. Robinson (Bruce): Mr. Speaker, I have a question which I intended to direct to the Minister of Transport, but in his absence I hope his parliamentary assistant will take it as notice. Will the minister arrange to have my question No. 377 on the order paper answered as soon as possible in view of the pending appointment in the very near future of a lighthouse keeper at Kincardine?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): The hon. member can be sure that the arrangements he requested will be made.

CIVIL DEFENCE

"OPERATION ALERT 1956"—CANADIAN-UNITED STATES CO-OPERATION

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): I should like to direct a question to the Minister of National Health and Welfare with regard to civil defence, and with particular reference to "Operation Alert 1956". Is Canada to participate in this civil defence exercise in co-operation with the United States? If so, to what extent?

Hon. Paul Martin (Minister of National Health and Welfare): The answer is yes, and the details of our participation are now being worked out with the government of the United States and will be announced later.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 10, consideration of the motion of Hon. W. E. Harris (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.

(*Translation*):

Mr. Edgar Leduc (Jacques Cartier-Lasalle): Mr. Speaker, I did not have the opportunity to speak in this house during the debate on

the speech from the throne, the time allowed the house under the new standing orders having prevented me from doing so. That is why I avail myself of the opportunity offered by the budget debate to give my views on certain questions that are related to it and on certain others with which I will deal only briefly so as not to take too much of the time other members could use to their advantage.

I come to the suggestions I wish to make in order to bring my contribution to a worthwhile discussion. The suggestions we make here cannot all be carried out, but they are often productive of ideas and pave the way to future legislation improvements in the enforcing of regulations. Thus the government is able to introduce measures calculated to improve existing legislation. Such is the purpose of the suggestions I am about to make.

(*Text*):

The Minister of Finance (Mr. Harris) was wise and made a good move when he introduced his 1954 budget and reduced some of the taxes, especially the income tax. He then pointed out the necessity for reducing expenditures and forecast a probable increase in the value of the gross national product. This inspired the confidence of the public and the manufacturers so that the goal was obtained to such an extent that the anticipated deficit has been greatly reduced and limited to $52 million.

When participating in the budget debate last year, I indicated a way in which a reduction in expenditures might be achieved and that was through a closer examination of the estimates. Another way in which improvement may be obtained, in my estimation, would be through the proper selection of government employees. The civil service commission looks after the hiring of government employees and the degree of the applicant's knowledge is the only barometer used in deciding on appointments. I believe that great care should be taken in ascertaining the moral character of the applicant, his ability to work and his desire to adequately fulfil the tasks to be performed. These other qualities in new employees would bring about efficiency in carrying out their duties and help in reducing the expenditures of the departments. The chiefs of the various departments should be men of ability and willing to supervise fully the efficiency of the employees under their control. If the staff is left without supervision in so far as quality, ability and willingness to work are concerned, this will soon result in extra expenditures.

More and more people are considering government jobs and therefore the choice should be properly made on the basis of a proper investigation. With proper choice and proper supervision by the heads of the departments, the results will be advantageous and will bring about substantial savings thus leading to lower taxation. If the right kind of employees are selected, the work of the heads of the departments will be made easier. The delay before permanent appointments is made should be extended from six months to one year in order that the approval may be based on a more adequate period of review.

(*Translation*):

Mr. Speaker, I would like to express an opinion as to how expenditures might be cut down. I believe that a reduction of expenditures, through a further lowering of income tax, would have stimulated business and industry and this would have been a factor of progress, as was the case last year. The hon. Minister of Finance (Mr. Harris) told us why he could not lower taxes this year; he said that owing to the present buoyancy of our economy, it might have brought on inflation which would have easily cancelled out the benefits of any tax reduction.

For the past few years, and especially last spring, the opposition severely criticized the Minister of Finance when he decreased taxes in the face of a probable deficit. But what has happened? Later developments proved that he was right. The opposition strongly criticized the government for real or seasonal unemployment last year and they could not believe that the situation would improve. But what happened later on? The last quarter of 1955 saw an unprecedented level of production and employment in Canada.

The opposition does not admit that the government promoted business recovery by creating a favourable atmosphere to private enterprise, but when there is a drop in production or employment, the government gets all the blame.

Again, the government is blamed when strikes slow down our economy.

But according to the opposition, when business is looking up, as it did after the war, and in 1955, they contend that the government had nothing to do with it.

Let us have criticism, but let it be constructive and not given for the mere satisfaction of criticizing. However, the public is a good judge; they have proved it many times in the past and, I am sure, they will keep on trusting the present Liberal government.

While speaking in English, a moment ago, I suggested two methods that would permit

tax cuts. Here I mention them briefly in French: a close study of appropriations compared to previous appropriations; adequate hiring of government employees by the civil service commission which, besides looking into educational qualifications, should require moral training, application at work and efficiency, without forgetting that most important factor: recommendation by department heads who supervised the new employees during their trial period.

While regulations provide statutory increases in salary over a certain number of years, these should not be granted unless the supervisor is satisfied with the employee, and I submit that if such a provision were included in the application forms, the chief of a division would make sure of the efficiency of the employee before granting his final approval.

The civil service commission should provide in addition to the basic salary, yearly increase which would go only to deserving, faithful and punctual employees.

In my opinion, the pre-permanency trial period should cover twelve months instead of six months in order to give department heads proper time to assess a new employee's skills and the value of his work. Thus, the increase would go only to the deserving.

Let us now mention a matter which concerns the Department of National Revenue. I refer to the rate of interest claimed on anticipated tax payments by merchants, salesmen on commission, etc., in cases of insufficient payments. This rate does not sound fair to me, since payments are based on a future income assessment.

If the taxpayer has obtained an income higher than the amount foreseen in his estimate, he is penalized by a 6 per cent interest, while if he has overestimated his probable income and made his payments accordingly, he receives but a 3 per cent interest for the overpayment.

I do not believe that a penalty should be levied unless the taxpayer has underestimated his income by more than 10 per cent. A taxpayer sometimes finds it difficult to determine in advance his exact net income. Since the departmental officer has no leeway and must apply the law as it stands, a margin of 10 per cent should be tolerated.

The taxpayer who is of good faith does not relish the fact that he has to pay interest. If my suggestion were accepted, it would avoid much resentment on the part of taxpayers, especially since between the final date for the payment of the tax, that is April 30, and the date when his return is assessed there is a few months' delay. If an error is found, the taxpayer must pay for the delay between the time when his return was filed and the time when it was checked.

I draw the matter to the attention of the Minister of National Revenue in the hope that he may remedy this deficiency and apply the law in a more equitable way.

I believe that the provincial income tax act contains a provision to that effect and it seems to be the only provision of that act which is sound. However, I make it a point to mention it.

The federal government has created a favourable atmosphere for the expansion of business and industry.

Today the eyes of the world are turned towards Canada. An energetic and determined nation as ours, with its oil, its iron ore and uranium, with its forests and its mines, with its farms and its manufactures, can show right here what it can accomplish given the necessary will, leadership and resources.

The records achieved by our domestic and international trade, by our agricultural and industrial revenues, by the new constructions and investments prove the wisdom of our population and the vision of its leaders.

The main cause of Canadian prosperity is that the industrialization of Canada and the discovery and development of its resources are going on at the same time.

At the present time Canada is in approximately the same stage of development as the United States were at the end of the Civil War, but it is in possession of the scientific knowledge and tools of the twentieth century. That is an advantage over the position of the United States at that time. We are able, because of this, to go ahead more rapidly and to forego costly experiments.

With decades of preparation behind it, Canada has made it possible for its twentieth century prospects to move from the realm of dreams to that of reality.

Over the past ten years, Canada has made giant strides. World war II gave us a push along the road to industrialization, and postwar demands have maintained our economy at a high level.

The people of Canada have so well explored our forests, prospected our underground resources, cultivated our plains and constructed hydro electric power stations to move our industrial machinery that this country is now among the foremost providers of the world's needs.

May I be permitted, Mr. Speaker, to ask the Postmaster General (Mr. Lapointe) to

consider the advisability of building post offices in Dorval and Ville LaSalle, two municipalities that have made great progress in the past few years and which are about to obtain their civic incorporation. I should like the minister to have plans prepared with a view to having post offices built in these municipalities within a year or two.

In the speech he made in this house on March 30 last, the hon. member for Dorchester (Mr. Perron) stated that federal-provincial agreements were not appreciated and that no provincial premier had accepted them. That is quite natural. When a child is taken to the store by his parents and keeps asking them for this or that, the father agrees only when he can do so and when his budget allows it.

The federal government spends a great deal of money in the provinces in the form of old age pensions, family allowances, pensions to the blind, health assistance. These considerable sums of money are given to the provinces out of the money collected by the federal government.

Projects undertaken by the federal government, such as the St. Lawrence seaway and the setting-up of a radio and television network across the country, help the provinces. In other words, the federal government spends in the provinces of the country and in proportion to their needs part of the money which it receives from the general tax so that everyone may benefit from the wealth of Canada.

(*Text*):

There is another matter on which I desire to speak, since I have as many as 400 constituents who are interested as employees of the British Rubber Company Limited, located in Lachine. This firm manufactures rubber footwear for winter, and summer canvas footwear. Before the war this industry enjoyed a substantial export business and did very well in the local market, but during the last few years the export business has been eliminated and imports from foreign nations have taken away 53 per cent of the Canadian market in canvas shoes and 15 per cent of the domestic waterproof shoe market. These imports come largely from Hong Kong and Japan where salaries are very low in comparison with the average of $1.45 an hour paid to Canadian workers. The solution, to my mind, is to place imports on some restricted basis, as it would be impossible to lower wages and the standard of living to the level of workers of the countries just mentioned. This will help to keep the industry operating pending developments. A brief of the manufactures was presented to the Minister of Finance (Mr. Harris) in June last, and more recently, the labour unions feel just as strongly as management does that the situation will have to be corrected if the industry is not to be wiped out.

The Minister of Finance, the Minister of Trade and Commerce (Mr. Howe) and the Minister of Labour (Mr. Gregg) met with the representatives of the labour unions and it was finally agreed to form a committee composed of the representatives of the departments of labour, trade and commerce and finance to join with representatives of the unions and management in order to seek methods of saving this industry. I sincerely hope that favourable progress will be made before the end of this session in order that we may study the recommendations of this committee and take whatever action is necessary during this session to permit the manufacturers to prepare their plans in time for next winter.

I wish to thank the Minister of Transport (Mr. Marler) for the improvement which is being made by the widening of the canal bridge at sixth avenue, Lachine. The present bridge, which was built over 60 years ago, no longer complies with the present heavy traffic requirements and therefore the improvement is badly needed. The widening of the bridge will improve conditions for pedestrians and traffic at that point.

Another thing for which I and the public of Lachine and Ville St. Pierre will be thankful to the Minister of Transport is his help in bringing about a change in the exit of the sorting yard contemplated to be built at Cote de Liesse by the Canadian National Railways, the exit of which was to be in a residential district of Lachine. The public of Ville St. Pierre will benefit to a great extent through the alleviation of its traffic problems and the removal of a dangerous spot where many fatalities have occurred in the past. This improvement will be made through the reallocation of the actual railway line.

The suggestions I have just made are offered in a spirit of co-operation with a view to improving the complex administration of government.

(*Translation*):

Mr. Leon Balcer (Three Rivers): Mr. Speaker, in taking part in this debate, I want to deal briefly with a certain report which has just been released by the dominion bureau of statistics, a report which is of interest to everyone concerned with the economic independence of Canada. I mean the report entitled: "The Canadian International Investment Position 1926-1954". It is a report which shows fantastic figures in respect of U.S. capital investments in Canada.

It says for instance that in 1953 United States capital controlled 55 per cent of mines, oil industries and refining plants in Canada. It shows also that Americans own 43 per cent of the whole amount of capital invested in our manufactures. It shows that from 1948 to 1953, American holdings in Canadian mines and oil refining plants have increased from 37 to 55 per cent, and their holdings in our manufactures have increased from 38 to 43 per cent.

From 1946 to 1955, U.S. capital investments in Canada have grown from $5 billions to $9,600 millions.

The report also reveals that nearly $7 billion 500 million was made up of capital invested in foreign owned companies.

These figures will undoubtedly create worry in several quarters. What is happening before our very eyes is nothing less than economic invasion by our neighbours to the south. It is all the more disturbing when we see that our provincial governments, our municipalities, our chambers of commerce are doing all they can to bring about the establishment of new industries in their own provinces and municipalities in order to create jobs for Canadian workers. And every true Canadian wishes to see our country develop as rapidly as possible.

On the other hand, we can well wonder if the time has not come to ask ourselves what is going on, and whether that invasion by American capital, through our present legislation, is not becoming a serious threat to Canada's economic independence. That danger is even greater as is often the case when American companies come here to establish subsidiary companies of which Canadians cannot get control and in which they cannot even become shareholders.

We can well ask ourselves if this country is not falling into an economic colonialism which may be different from political colonialism but which can be one just the same, and have nefarious effects on the sovereignty and population of Canada.

Mr. Langlois (Gaspe): Would the hon. member permit a question?

Mr. Balcer: I beg the parliamentary assistant to the Minister of Transport to be kind enough to let me finish my speech. I shall then gladly answer his questions.

Shall we keep on sending our unprocessed natural resources to the United States and buy them back in the form of finished products?

There can be no better instance of colonialism than the resolution concerning the Trans-Canada Pipe Lines Limited, now before the house, whereby American financiers are requesting this parliament to give them permission to transport natural gas from Alberta to eastern Canada and especially to the United States, and are also asking the Canadian taxpayer to assume part of the costs involved.

Frankly, this is a definite reminder of the treatment which the United States meted out for years to the so-called banana republics of Central America.

The Canadian government has adopted certain attitudes, which have encouraged Americans to act in this way. We have seen the Canadian government, through a crown corporation—in this instance the Canadian National Railways—build a twenty million dollar hotel at public expense and then turn its management over to an American company while all this time we have in this country first class hotels and trained hotel operators. If the Canadian National Railways could not find within their own organization people qualified to manage their hotel in Montreal, which I doubt very much, they only had to turn to the Canadian Pacific Railway which administers hotels such as the Chateau Frontenac and the Royal York in a way that is as good as any to be found in other hotels anywhere in the world.

Mr. Langlois (Gaspe): Will the hon. member permit me a question? Surely, he will not make me wait till he is finished.

Mr. Speaker: If the hon. member who has the floor at the present time does not wish to be interrupted, he is in his right.

Mr. Langlois (Gaspe): I merely want to point out an error.

Mr. Balcer: I will gladly listen to the speech of the hon. member for Gaspe, when his turn comes. Everybody will be glad to listen to him. He will then have an opportunity to answer me if he wishes to do so.

If our government does not resort to all means at its disposal to encourage Canadian capital to play its part in the development of our resources and factories, then, economically, we will merely become a 49th state of the neighbouring republic.

There is no doubt that this invasion of U.S. capital helps us to develop our country, but one wonders if in allowing so much American capital to develop our country, we

are not serving the best interests of the United States rather than our own.

It is quite true that an extraordinary attraction has always existed between our country and the United States. There is an economic north-south attraction which seems just about inevitable between our two countries. Our country is a geographical heresy and the international boundary is purely artificial. And our whole history shows that our country has made its choice for a long long time. Our people, like our ancestors and the past generations, have in turn made up their minds that they want Canada to be a great country, a country independent from the southern republic.

History tells us that Americans first attempted to take a military hold on Canada by attacking us in 1776 and in 1812. English-speaking and French-speaking Canadians decided to unite in order to repel this American military invasion.

In 1867, when we gave ourselves a constitution, again our two great races joined in a common front against American invasion once more, but a political invasion that time. That decision on the part of our ancestors entailed economic sacrifices, but they accepted them and resisted. Today we should be inspired by the courage they have shown. Let us not give away our natural resources, our industries, our manpower to American interests without first taking every possible means of ensuring that Canadian citizens will benefit as much as possible. Through legislation the government should strive to help Canadians to take full or at least partial control of that capital used to develop our natural resources.

Of course, many of our natural resources could not be developed without the help of foreign capital. But it is tragic to think that in many cases those natural resources only serve to improve the standard of living of the American people and not ours.

Mr. Leduc (Gatineau): Especially in Quebec.

Mr. Balcer: If American investments in Canada are getting larger for no other reason than the fact that we are giving away our natural resources to American investors so they can develop them by paying low wages, that is not very beneficial to Canada. It is also far from comforting when we see the Canadian government request from parliament the authorization to appropriate $125 million for the construction of a pipe line for the benefit of an American company.

In his budget speech the Minister of Finance (Mr. Harris) spoke of Canada's great prosperity; he is so proud of himself and of his colleagues of the government that he did not want to change anything in his budget and he served us exactly the same dish as last year. But one thing he forgot is that salaries of Canadian workers are much lower than those of American workers and that, in general, the standard of living of American workers is higher than that of Canadian workers.

Mr. Speaker, if American capital continues to flow into this country at that rate while the gap remains between the standard of living of the Canadian people and that of the American people, we will be unable to withstand the economic invasion which is going on from day to day across the border. Already many young Canadians emigrate to the United States, because of the higher salaries they can get over there. If we want Canada to remain independent of the republic to the south, we must take steps to give Canadians a better standard of living. If, for instance, we compare the average salary paid in June 1955 in Canadian and American cities, we note that in Detroit, the average salary was $5,057 while at Windsor, which is just opposite, the salary was but $3,692; at Cleveland, the average salary was $4,470 while in Montreal it was only $2,896. The same thing happens almost everywhere. Thus we see that in Seattle the average salary was $4,173 while in Vancouver, which is quite close to Seattle, it was only $3,354.

If we compare the average salary paid in American industries, according to their production and their products, again we find a substantial difference. For instance, in the soft coal industry, the salary paid in the United States is $2.43 an hour while in Canada it is only $1.48. For steel workers, the average rate is $2.24 in the United States and only $1.73 in Canada. In the aluminum industry, the salary paid is $2.14 in the United States while in Canada it is only $1.47 an hour. In copper mines, the rate is $2.12 in the United States and $1.64 here. In packing plants, the rates are $2.05 and $1.52 respectively; in construction, $2.93 and $1.49 only. And so on and so forth all along the line. In the automobile industry, the average salary is $2.20 in the United States and $1.72 only in Canada.

Such a difference between the standards of living in the United States and in Canada

should be the main concern of the government. By all available means, the government should strive to eliminate this difference which is responsible for the emigration to the United States of so many young Canadians and which leads to that attitude of defeatism which we are showing towards American capital.

This salary gap is still more striking when one considers the situation of our technicians, our engineers and our specialized workers and becomes particularly impressive when we see that the engineers needed in our industries for the development of our natural resources leave Canada for the United States. Not only do we not train a sufficient number of engineers, but we keep sending many of them to the United States.

We cannot blame those people for migrating to the United States, where, as I have just explained, wages are much higher than in Canada, while the cost of living, at least in respect to many items, is lower than in our country.

The hon. Minister of Finance told us that there was nothing to be changed and that he could come back with the very same budget as that of last year. Well, he has only to look at the prices which prevail in the United States and those which prevail in Canada, and he will find there a target to help him correct his budget.

We can see, for instance, that clothing is much cheaper in the United States than in Canada. The same thing applies to footwear and automobiles.

In Canada, for instance, some people buy a small car which they consider among the lowest-priced available; but then they are told by American garage operators that over there they could have got a Cadillac for the price they paid for their small car.

The same holds true for electrical appliances, television sets, furniture and even foodstuffs, in certain cases.

Another concrete example—and that is a case which comes under federal jurisdiction—is that of the cost of cigarettes which are much cheaper in the United States than in Canada.

Mr. Langlois (Gaspe): They sell three cents a pack more in Quebec.

Mr. Dufresne: 22 cents federal tax.

Mr. Balcer: The standard of living of the Canadian taxpayer is inferior to that of the American taxpayer.

[Mr. Balcer.]

Let us take for instance personal income tax. A Canadian taxpayer with two dependent children who receives family allowances and whose annual revenue is $3,000 pays $113 in income tax. On the other hand, in the United States, a father with two children, whose annual revenue is also $3,000, pays only $60, having deducted—

An hon. Member: The figures don't come out right, do they?

Mr. Balcer: Yes, that is right: the Canadian taxpayer pays $113 in taxes, whereas the American taxpayer pays only $60.

A father with two dependents, whose annual salary is $4,000 must pay $287, whereas the American taxpayer whose salary is the same only pays $240. The same increase appears at the $5,000 annual salary level. In this case the Canadian taxpayer pays $481 as against $420 for the American.

A Canadian worker who earns $6,000 a year—I should say a superintendent since workers who earn $6,000 a year in this country are rather rare—pays $666 in income tax, as against $600 for his American counterpart.

That is another anomaly we can point out as a target for the efforts of the government and the Minister of Finance if they want to accomplish something in the next twelve months.

We are told that the Canadian citizen enjoys a wonderful social security system. We hear a lot of boasting about family allowances, old age pensions, pensions for the blind, pensions for the veterans of the two world wars, unemployment insurance, etc. Well, there is nothing very original about that system since such social security legislation exists in all the civilized countries of the world. Furthermore, that Canadian legislation loses some of its real value and of its purchasing power from day to day, with the government doing practically nothing to prevent such a situation.

Let us take for instance the case of old age pensions. The bill setting up the pension at $40 a month was passed in 1949. Today, 7 years later, the purchasing power of this $40 pension has been reduced considerably, in fact, it has gone down from $40 in 1949 to $32.29 in 1956.

Unfortunately, the situation is worse with respect to family allowances of which there is so much talk during election campaigns—

Mr. Dufresne: The campaign platform of the Liberal party.

Mr. Balcer: Yet, the federal government obstinately refuses to increase family allowances, though they have been in existence for 11 years—

Mr. Maltais: Thanks to the Liberal party.

Mr. Balcer: And here again we have the Liberal party doing absolutely nothing.

Mr. Langlois (Gaspe): Despite the opposition of your leader.

Mr. Balcer: From $5 that they were worth in 1949, they have gone down to $3.20; from $6 to $3.84 and from $8 to $5.10. If their rate of devaluation continues, 10 years from now, they will be worth only $2.05, $2.46 and $3.28.

In short, the situation is such that the Canadian worker sees American capital invading Canada and our natural resources alienated to Americans—

Mr. Maltais: Ungava, for instance.

Mr. Balcer: The Canadian worker finds out that he is paid less than the American worker, that he pays a higher price for the things he buys, for his essential needs. He finds out also that social security measures existing in Canada are worth less and less every day.

If there is to be created in Canada an atmosphere that will permit all Canadians to stand firm in the face of this invasion of American capital, if Canadians are to keep this pioneering spirit that has always been their characteristic, they must, I believe, be put in a position of superiority with regard to the Americans and all efforts of the federal government should aim at eliminating this difference between the two standards of living. The federal government should avail itself of every means to encourage our Canadian industrialists, our Canadian financiers to promote the development of our natural resources. These means should include the reduction of personal and corporation income taxes, depreciation allowance and all such measures, in order to help Canadian capital to take its proper place in the development of our country, if in a few years from now we do not want to see Canada become a state in the republic.

Mr. Boisvert: Will the hon. member for Three Rivers allow me a question?

Mr. Balcer: Certainly.

Mr. Boisvert: When the hon. member spoke about the invasion of Canada by American capital, did it apply to the province of Quebec as well as to the rest of the country?

Mr. Langlois (Gaspe): To the Ungava district in particular?

Mr. Balcer: If my friend had listened carefully to my speech, he would have found his answer; if he did not understand what I said, he will be able to read it tomorrow morning, and I am sure he will understand.

Mr. Boisvert: If the hon. member for Three Rivers does not mind, I think I asked a very clear question and am entitled to an adequate answer. I listened carefully to your speech. I do not want to make a speech, but I believe you should answer my question.

Mr. Speaker: Order.

Mr. Boisvert: Mr. Speaker, I feel the hon. member for Three Rivers—

Mr. Speaker: The hon. member for Three Rivers may not have answered the question of the hon. member for Nicolet-Yamaska (Mr. Boisvert) in a manner satisfactory to him, but if the hon. member for Three Rivers does not choose to give another answer, the hon. member for Nicolet-Yamaska will have to be satisfied with that.

Mr. Boisvert: I am satisfied, but I would like to ask the hon. member for Three Rivers another question.

Mr. Balcer: I just concluded my speech, and I think it contains the answer to the question of the hon. member for Nicolet-Yamaska. If he thinks differently, I am sorry.

Mr. Habel: Would the hon. member permit a question?

Mr. Speaker: I think that if we are to continue this debate—

Mr. Habel: I only wish to ask one question, Mr. Speaker.

Mr. Speaker: I understand perfectly, but it is very difficult to decide upon the number of members who should be allowed to ask questions of the member who has just finished his speech. If, for example, there are 30 members who wish to ask questions, there will be very little time left for those who wish to speak today.

Mr. Langlois (Gaspe): This is just as well. He will be less embarrassed.

Mr. Habel: I would think that it would not be out of order to ask a question.

Mr. Speaker: If the hon. member agrees.

Mr. Habel: Would the hon. member tell us what is the percentage of American capital invested in the Wabasso, St. Lawrence Paper

Mills and Wayagamack companies in Three Rivers?

Mr. Dufresne: He is not a director.

Mr. Balcer: I will be glad to tell you.

(Text):

Mr. William Bryce (Selkirk): Mr. Speaker, in rising to take part in this debate I again want to direct attention to the predicament in which the farmers in the constituency of Selkirk find themselves. I have heard remarks to the effect that I have made things look worse than they really were. I want to contradict that statement right away. Conditions in Selkirk constituency are really bad and I have not made them look any worse than they really are.

When speaking in the house on a previous occasion I said that there would be people starving in the Selkirk constituency unless something was done to relieve the situation. When I said that people were going to be starving, I did not figure that anybody was going to die because out west they do not let a man die if they can possibly help it. In looking through the dictionary I find that the meaning given for "starve" is to die or suffer from the lack of food, go hungry, keep without or be short of food. These are the things that are taking place in Selkirk today. There is nobody dying but the people are in bad shape. I want hon. members to believe me when I say that is what I meant the last time when I used those words in this house. I did not figure that anybody was going to die but I figured that they were in fairly bad shape and needed attention.

I am going to put on the record one or two letters in order to back up what I am saying and to prove that I am not coming here and speaking just for the sake of speaking. When I rise in this house I do so in order to direct attention to the problems of the people that I represent. I want you to believe me, Mr. Speaker, when I say that. I have no political axe to grind. I am the representative of the people of Selkirk as long as I am here, and their problems will come first with me. This letter that I am going to read is from a man at Washow Bay in my constituency. He writes as follows:

Dear Sir:

I refer to the prairie farm assistance. I live here in this newly-settled country, 9 miles north of Riverton town. Since the last 2 years we received too much rain and thus received little or no crops. So therefore, the P.F.A. has paid to low township land owners, cheques of $200 per year and more. I don't get any. I am in the same township where the other farmers here received it. My land has been broken the same time as theirs and competes with theirs in every way. They had none broken before 1940.

The P.F.A. says we can't get any P.F.A. cheques since we bought our land since 1940. That does not encourage the Manitoba public. In my case we are in extreme need of this assistance, since it has been collected from us in good years.

I have a lame back and cannot work. I have to hitchhike to a doctor or chiropractor for aid and the bills are running too high. The land payments are past due and taxes need paying. We have to pay them this spring or else. I have a wife and 4 children to care for besides myself. We own no new car or unreasonable equipment. Thirty-five acres are broken on this quarter which I did to our own expenses in hope of returns. These last 2 years very little to account for puts us far behind. It would be enough if we got the fair P.F.A. cheques, the same as the rest. It would put us in fair terms again if we could receive this P.F.A. assistance or some kind of relief which we need badly. I ask you kindly, is there something that you can do for us? We do not intend to give up if we don't have to.

I am going to read another one from another part of Selkirk constituency, about 75 miles from there. This one is from Eriksdale and reads as follows:

Dear Sir:

I am writing you in regard to the payments that have been made to farmers during the month of December 1955, by prairie farm assistance.

As I believe you do know just how hard hit the farmers in the interlake district were hit by excess rainfall causing our land to be completely flooded. Some farmers being luckier than others due to their land being higher, but those of us that have to take the run-off of the higher land really haven't a chance to get on the land.

Now here is the part that is so unfair. P.F.A. has been paid to most of the farmers around here even those that never do cultivate their land. Some have been paid $120 to $200, this to be 60 per cent of their payment. Some do not know what they were being paid for, as they got the large amount of $13 to $14 which surely could not be called assistance. But we were completely left out, we did not get any and as I said before, we are living in the valley of the run-off waters from higher lands. We have 90 acres to crop and for 3 years now have had a total loss, yet expenses are piling up—just trying to get the land seeded only to lose it all.

Now I am asking you to see what can be done about this. Why should we not be paid assistance when practically the whole municipality has received some except ½ doz. farmers all in one locality. And a fair share, not $200 to some or somewhere about that and others a few dollars which isn't more than a barrel of fuel.

No one knows on what grounds the P.F.A. is making assistance as some do not even expect any have gotten assistance—others know they are entitled to P.F.A. do not receive any.

It would be greatly appreciated if you could help us to get our fair share of P.F.A. as I have mentioned before, if they have paid P.F.A. to some in this district, why just leave a few out.

That is another problem. I am putting these on the record because sometimes I think, when I go back home—and I was back home at Easter—that people think I have been sitting down here and have never brought

these complaints to the Minister of Agriculture (Mr. Gardiner). I am quite sure that the Minister of Agriculture gets from me more letters than he gets from other members in the house, all on the same subject. This one is from Fisher Branch and it reads as follows:

Dear Sir:

I will need some assistance for my complete crop flooded out for 1954-1955. I wrote to P.F.A. in Regina, Sask., but they refuse assistance. They say I bought my land too late after the war. But I had been farming on the other land at Fisher Branch before the war, and they had been collecting on every load that I brought to the elevator.

Try and give me help some way. I have no income, no job out here, and the taxes are behind. I have 72 acres under cultivation but that was a complete loss for 2 years.

This one is from Arborg, in another part of my constituency:

Dear Sir:

I just received a cheque in regard to prairie farm assistance for $97.50.

I had 144 acres summerfallowed and it comes up to about 65¢ an acre. The farmers were asking $2.50, but then since it was refused they asked at least $1.25.

How much help can a cheque like this be when we have to buy feed, seed, fertilizer and fuel?

What about taxes? It is just terrible the way the farmers are treated. We havn't received much help just these past 2 years when we were flooded out, and now we get such a miserable aid.

The best solution would be to quit this darn farming and hit for the city.

When we sell something, eggs, hogs or cattle, its just a disgrace. This year we have to buy feed at the elevator for poultry, cattle, hogs, and they charge us 81 cents a bushel for oats. There is no dockage, and no question of damp or tough. But what did we get when we were able to sell? Forty cents a bushel, and, of course, dockage, and if it wasn't damp it was tough.

Just how will the farmer survive? When he has to buy something, he sure pays for it too.

I have two boys 12 and 13, and they already don't want to hear anything about making a career of farming.

I hope you can point up a few things to the Liberals. What the farmers are up against, and get more assistance—this at least for spring work.

It sure burns one up how they expect the farmer to work for nothing—as that is exactly what he is doing now.

To think Canada is so rich in food, and here we farmers cannot afford to buy fruit and vegetables in winter for our kids.

Hoping this will give you an idea of our situation.

Here is a letter from Fisher Branch, Manitoba:

As you are well aware of the conditions on the farms in this area in the last few years, most of farmers are in a very bad shape financially due mainly to crop failures. And now the P.F.A.A. has turned down some of us, others are getting 75 cents per acre, which of course is very little. We don't know how they figure out but the crop was so bad in this township and other townships here that it certainly did not average 4 bushels to the acre as only an odd spot in some higher field had a bit of crop on it and all the rest was flooded out or even could not be seeded because of flooding. We never asked for assistance from anyone when we had fair crops, but now we don't know what the farmers around here are going to do this spring—they need seed and fuel for their tractors and repairs, etc. Not mentioning their debts that are long overdue.

Now, Mr. Bryce, we know there are many others like us writing you but we don't see where else we can go. Our provincial government doesn't want to hear about our troubles, sometimes they are nice enough to say they are going to look into the matter and that is how far it gets.

You will recall in the war years the government paid the farmers in Canada $4.00 per acre if they did not seed wheat on those acres and that cost this country a lot of money. But now this crop failure is only a very small area in Canada in the interlake area that was flooded out, so certainly our government can assist these poor people this time.

We are leaving this to your kind consideration.

I received a copy of a resolution from the Fisher Branch Manitoba Farmers' Union, Local 16, which reads as follows:

Whereas the farmers who bought land from the government after 1940 are not able to participate in the P.F.A.A. assistance—and as these farmers contribute into this fund when they deliver grain to any elevator—and as these farmers are in a desperate need of assistance in this area

Be it Resolved: That we urge the government to consider these needy fellows and bring them into the P.F.A.A. program so they may participate in the assistance along with the other farmers.

Now, on March 15 I asked the Minister of Agriculture a question, reported on page 2159 of *Hansard* for that date, as follows:

Can the minister inform the house when he expects to bring before the house the amendments to the Prairie Farm Assistance Act and what they will cover?

The minister answered me the same day, and this was his answer:

Mr. Speaker, hon. members will recall that we made rather material amendments to the Prairie Farm Assistance Act last session. When we were preparing legislation for this session or the items upon which legislation might be required, we were having considerable difficulty in the administration of the amendments which were made last year. We therefore made provision for the possibility of bringing in amending legislation. However, I am now informed that, with greater experience in the administration, the difficulties have become less and less, and I am not sure that it will be necessary to bring down legislation.

I had hoped that some temporary amendments would be brought in to help the farmers who have not been able to participate in P.F.A.A. I still do not think it is right or proper for the government to collect 1 per cent from farmers who can never expect to derive any benefits from that fund, and especially the man who is dependent entirely on his farm. I do not know the law as well as I should like, but it seems to me it must be an injustice to collect a tax of 1 per cent and refuse the farmers any benefit from it.

The minister has explained that when the provincial government took over crown lands in Manitoba it was made quite clear to that

government that the federal government would not be responsible for any assistance or aid at any time. Now, I took that up with the Hon. Mr. Robertson, the Manitoba minister of agriculture, last year, and he claimed that he knew nothing at all about such an arrangement being made and he would not have anything to do with it. According to *Hansard* of June 21, 1955, the Minister of Agriculture when speaking on his estimates said that approximately $300,000 had been collected from people who, according to the provisions of the act, could never participate in any of the benefits. This $300,000 had been collected from people who were on crown lands. These farmers are not receiving P.F.A.A. aid because the act says they are not to get it.

The Minister of Finance (Mr. Harris) is looking at me and I venture to say he believes there is something wrong with my argument. I certainly do not know the law, but 1 per cent of the proceeds of every load of grain the farmer delivers to the elevator goes into the consolidated revenue fund of this country. The act says that if he bought his land from the government after 1940 he cannot participate in any benefits. Then, why take the money from him? I wonder if the Minister of Finance and the Minister of Agriculture could not take that $300,000—I was going to say obtained under false pretenses, and it is very nearly that—and give some of it back to these fellows.

It seems so ridiculous when you have a section of land consisting of four quarters and three fellows who own three quarters get $200 each because their crops have been drowned out for two years, but the other fellow whose crop has also been drowned out gets nothing because he bought his land after they bought theirs. If you analyse the thing you will find that perhaps the fellow who bought his land after 1940 had it broken and in cultivation before the other fellows had theirs. That is the position today. If the government would take some of that $300,000 and divide it among those fellows who are in need it would be of great help to them. They have paid into the fund; they have the same kind of land as the other settlers but the purchase date is different. People who have been able to participate in the benefits of the Prairie Farm Rehabilitation Act find it hard enough to get along, and with no help it is so much worse.

I do not want to repeat my arguments. I do not believe in repeating a thing for some other body's benefit. If they do not listen to me the first time I make the argument they will not listen to it a second time. Why can a government collect a tax and refuse the benefits? I wonder whether the minister has ever had a legal opinion to see whether they really can do that? A lot of things go through the Exchequer Court for legal opinions that are not as worthy as this, because it would protect many farmers. I hope the minister will consider this matter of paying part of the $300,000 to the people on crown land who have paid into the fund.

One other thing that concerns the farmers in the Selkirk constituency is getting seed and feed this spring. After losing their crops for two years running, a very large percentage of the farmers have no seed or feed left. There are many fortunate farmers in the constituency of Selkirk because we have some very wealthy people there who have been in the farming business for a long time and who have weathered the storm in good years and bad years right along. It will not affect them. They will come up shining in the spring and they have money to take care of their operations. I am thinking of the boys who were sent overseas. They are not in the same position. They are still paying for their land. They are struggling to get along. These are the fellows who are going to be hard hit, the younger generation. I know the situation and I do hope that they will do a little better than they have been doing. It is the rising generation, the 25 and 30-year olds, the men and women of tomorrow, who are concerned. If you make it difficult for them they will go back to the cities and agriculture will be the loser. This is an agricultural country, and it is the young people who are to carry on, not old fellows like me.

About a month ago a survey was taken in Fisher Branch, Poplarfield and Chatfield districts. Those districts have no seed or feed. A survey was taken to see how much they need in the Fisher Branch district. Ninety-three farmers were consulted. They need 8,500 bushels of oats, 3,800 bushels of barley, 5,400 bushels of wheat and 600 bushels of flax. In the Poplarfield district there were 51 farmers canvassed. They need 9,000 bushels of oats, 1,155 bushels of barley, and 2,000 bushels of oats. In Chatfield, 12 farmers were canvassed. They need 755 bushels of oats, 200 bushels of barley and 65 bushels of wheat. As near as I can estimate there is a population of about 700 in these three districts. If they could get seed it would be of tremendous benefit to them.

Some farmers have written letters to me requesting that I take this up. Some of them have said: "If the government will only give us this seed we shall take the seed back to them in the elevator in the fall, but do not ask us to pay interest because we are deep enough in the hole now." They would pay back bushel for bushel in the fall for the seed borrowed. What the farmers do not

want to do is to go to the municipality and borrow at 6 per cent. This only puts the farmer deeper in debt. I hope the government will make it possible for farmers to get seed this way should they so desire it.

I have received a copy of a brief presented to the municipality of St. Andrews in Selkirk constituency by the farmers union at Petersfield and Clandeboye. I am not going to read the whole of it. It shows the trend of thought and what they are trying to do. The brief reads in part as follows:

> It is evident that there are a number of farmers who, due to crop failure, have been forced to seek other sources of income in order to maintain their livelihood. These farmers are not eligible for payment under the regulations of the act. We realize that you cannot do much about the regulations of the Prairie Farm Assistance Act, as it comes under the jurisdiction of the Canadian parliament, but we do feel that your council, being the first phase of local government, does have certain powers and could make recommendations that would be of assistance in solving some of our agricultural problems.
>
> The final point that we wish to discuss with you is the seed grain and farm fuel assistance through the legislation available under the seed, fuel and fodder act of Manitoba. It is apparent that many of our farmers will require assistance if they are going to get any crop this year. The financial situation being what it is, many will not be able to purchase seed and fuel requirements this spring. We therefore wish to request the council's immediate consideration of assistance through seed, fuel and fodder act.
>
> We believe that the support of your council is necessary before the government will take an interest in this issue. We wish to impress upon you that we cannot minimize the danger that exists in the Interlake area for 1956. The moisture condition of the soil last fall was not as dry as some people would like us to believe. When we realize that it was not possible to work some of the land until late summer and when we consider the heavy snowfall this winter, it is obvious that many of our farmers may be hard hit again. Should this happen, it will mean that some farms will have been flooded for four years in succession.

I presented a petition this afternoon on behalf of 2,511 petitioners. Since I did that this afternoon I have received in the mail another 125 signatures, which brings the total up to 2,636. It deals with the advisability of declaring the flooded Assiniboine river valley and the interlake area a disaster area.

The second section asks for the granting of financial assistance on the basis of $5 per productive acre flooded during the 1955 crop year, which would assist them to maintain their farm homes and to put in a crop this coming spring.

This petition brings the plight of the farmers in the flooded Assiniboine river valley and the Interlake area of the province of Manitoba before the government again. In the majority of cases, farmers have suffered from flooding for the last two or three years. In such a large area as the Interlake country, from the Assiniboine river north, a great many different phases of agriculture are in operation. In some places it is grain, in some places it is cattle and in other places it is mixed farming. If you take the districts of St. Laurent, Oak Point, Lundar and that part of the country bordering on Lake Manitoba, cattle raising or beef production is how the farmers make their livelihood. The P.F.A.A. has never been of any benefit to them. However, their pastures both tame and wild have been flooded and they have suffered a great deal. Last year, the second year of flooding, left them with no place to pasture their cattle and many of the farmers have had to dispose of their cattle as feeders when with good pasture they could have finished the cattle and realized a much better price.

The mixed farmer has had similar problems. He has been short of pasture and has not been able to grow any feed. This has cut down his cream production and has left him short of cash with which to carry on. I have already dealt with the man who grows grain.

As I said before, this petition endeavours to get the government to look at the situation and see what can be done. An arrangement like this based on productive acreage would be of assistance to the cattlemen, the beef producers, the mixed farmers and the grain farmers.

When I was home at Easter I was approached by a farmer who told me that he had been forbidden to use his tractor until he makes a further payment. Another farmer has written to tell me that action was commenced against him by filing a statement of claim in the county court for a debt. Surely some arrangement can be made to ask creditors to wait until the farmers get a crop.

My time is just about up but in the time left at my disposal I would like to go into the debt situation. I know from my visit to my home last week that not only one or two but a great many people are in difficulties. I would like now to quote from the submission made to the government this year by the interprovincial farm union council. I have just about three minutes left and I think I can deal with it in that length of time. I shall read from page 20 of the submission, the paragraph under the heading "Debt Adjustment Laws", which says:

> The drastic fluctuation in farm income in Canada makes it very difficult at times for even the most efficient farmer to meet his liabilities as they come due. When that happens the farmer is faced with the prospect of being sued and having a judgment against him, or having his mortgage foreclosed or his agreement for sale cancelled, and in either case of losing his land.
>
> There are some creditors who deal leniently with their farm debtors and help them over their difficulties, but some refuse to be influenced by these considerations and insist on strict enforcement of their contracts. The result is that many hard-working farmers are being driven from their land—

a situation which clearly is against not only the interest of the individual concerned but of the country as a whole.

To meet this situation, debt adjustment laws have been placed on the statute books from time to time in the various provinces, for the protection of farm debtors who, because of circumstances beyond their control, became involved in financial difficulties. However the history of this type of provincial legislation has been that the courts have always held such laws to be invalid, because under the British North America Act the right to legislate with respect to bankruptcy and insolvency was designated to the Canadian parliament. The most recent example along this line is the decision of the Supreme Court of Canada, delivered on November 15, 1955, which declared the Moratorium Act of Saskatchewan to be ultra vires.

In the depression years of the thirties, parliament did legislate to protect farmers who could not discharge their obligations, by passing the Farmers' Creditors Arrangement Act—a most useful statute a few years ago, but of practically no use just now, at a time when a similar up-to-date law is perhaps more needed than ever.

Therefore, we suggest that efforts should be made at this time by the government to have legislation passed creating a board empowered to give protection to unfortunate farmers against being forced into bankruptcy.

I support that submission. I think the recommendations it outlines are necessary and I hope my remarks will be given some consideration.

Mr. F. G. Robertson (Northumberland): Mr. Speaker, the budget as presented by the Minister of Finance (Mr. Harris) was realistic, responsible and encouraging. It is realistic because in view of high expenditures we could not expect more reductions in taxation. It is responsible because it is prudent in prosperous times to pay our way and have a balanced budget. It is encouraging because of the minister's forecast of continued or even expanded development in our economy for the coming year.

It was a source of great satisfaction to me, Mr. Speaker, to hear the review of our economic prospects as given by the Minister of Finance. He told us of the high production, of the high employment and of the high income in Canada; in fact, these were at an all-time high for the last year. He predicted there would be a total national production of $28 billion for the coming fiscal year. Other important Canadians agree with the Minister of Finance and I would like to quote from the Ottawa *Citizen* of February 2, 1956, an opinion expressed by the president of Imperial Oil Limited, Mr. J. R. White. This is headed, "Canada producing equivalent of country with 100 million people."

The report reads:

Canada, in terms of what she produces, is the equivalent of a country of 100 million people rather than 16 million, J. R. White, president of Imperial Oil Limited, said Monday night in an address to the Halifax board of trade.

The figures, he said, reflect the fact that in terms of the world's production Canada ranks six times greater than her population.

Looking ahead, Mr. White predicted for 1980:

A population of 25 million, nearly 60 per cent more than now.

A total gross dollar volume of business nearly 2½ times that of today.

Two-thirds more homes, more than 7 million passenger automobiles compared with today's 2½ million and twice as many farm tractors.

Discoveries of up to 30 billion barrels of oil, compared with current known reserves of 3 billion —and an investment of up to $22 billion, or more than seven times the $3 billion already invested in oil development.

One is sometimes staggered by the predictions made for the development of our country, but I venture to say that within the next 20 or 30 years, as our country develops, many of these predictions will have been found to be far too low. Fortunately the cost of living during this period has remained relatively stable so that our people have enjoyed a higher level in their standard of living than ever before. As the minister pointed out, however, some sections of our economy did not share in this general prosperity. The minister mentioned agriculture as an example and I would like to add to that the textile industry. I believe that the government should give serious consideration to the position of the textile industry and give it all the relief it can under present circumstances. I will have more to say concerning agriculture later on in my speech.

The government is certainly consistent in its finance policy. When he budgets for a surplus of $125 million the minister is simply following the wise example laid down by previous finance ministers. Ever since the war and up until last year the Liberal government has been budgeting for surpluses because they believe that in periods of prosperity we should pay our way and balance our budget. However, last year when conditions were less encouraging the minister did not hesitate to budget for a deficit and I think the wisdom of his decision has been more than substantiated at the present time.

I do not believe that many people in Canada expected a tax reduction because they are aware that our estimates this year indicate an expenditure of nearly $4·75 billion. In addition to this the government has indicated that it is willing to support a health insurance scheme costing $200 million a year.

In addition again there will be the expenditure on the Trans-Canada pipe line and I hope that before long this parliament will pass the necessary legislation because I believe that this pipe line is necessary for the further development of this country. I hope that there will be no unnecessary delay in making this feasible in our country. It has

been indicated by the opposition groups that they will likely oppose the present suggestion of the Minister of Trade and Commerce (Mr. Howe). Of course we acknowledge their right to do so, but I would suggest to them that once they have placed their position on the record there will be nothing but delay gained by discussing the matter at any length. I for one am prepared to be found in the camp of this government and I support the measure as laid out by the Minister of Trade and Commerce. I also know that the government of the province of Ontario supports this procedure.

There were few tariff changes in the budget presented by the minister, but I was glad to see that what tariff changes there were were changes that will help agriculture. They cover repair parts for farm machinery, equipment for artificial breeding units and other items for use on the farm.

I should like to mention briefly the fact that the government is going to spend another $9 million in the form of further aid under the Colombo plan and the United Nations technical assistance program. I believe that these programs have the wholehearted support of the vast majority of the Canadian people and that they are making a real contribution to peace in this world.

I should like to speak for a few minutes about federal-provincial relations, and in this connection I should like to pay tribute to the Prime Minister (Mr. St. Laurent) and the Minister of Finance (Mr. Harris) for their efforts to bring about agreement in this matter. During the past year we have had four meetings of premiers as well as conferences of ministers on other occasions. They have dealt with the following questions: Unemployment insurance, hospital insurance, the trans-Canada highway and fiscal relations.

We all know that the federal government has made a proposal to the provincial governments under which they would be prepared to assume 50 per cent of the cost of unemployment assistance whenever the number of people on relief in a province rises above a certain nominal figure. I know that the federal government proposals have few if any limitations except this fact. They do not ask whether a person is employable and there is no limit placed on the amount which a province or municipality may grant to these persons if they are in need. That is left entirely to the province. I think this is another indication of the good will of the federal government in arriving at a reasonable agreement on this matter.

I have indicated also that the federal government have made proposals regarding hospital insurance which if accepted by all the provinces of Canada will require $200 million a year from the federal treasury. I want to say at once that I support wholeheartedly a program of hospital insurance because I believe there are many people in Canada who cannot afford proper hospital treatment. This need is very great indeed. In saying that I speak from my experience as a medical practitioner in the province of Ontario.

Further, the federal government has also made a liberal proposition to the provinces in connection with building the trans-Canada highway. We in this parliament will be considering this legislation at some future time.

I come now to fiscal relations which after all is the most important feature of federal-provincial relations. I believe that in a federal state where inequalities exist one duty of the federal government is to minimize such inequalities. The present tax rental agreements have sought to accomplish this, and in my opinion they have done so. Our objective has been to share with the provinces our direct taxation revenue in order to produce equity and stability in the revenues of the provinces, to eliminate the duplication of direct taxation and bring about the simplification of our tax laws. I submit that these tax rental agreements have accomplished these objectives.

In dealing with this matter I think we must have in mind three important factors. One is that the various provincial governments have very different degrees and types of tax potential. Second, while the costs of various services vary in the different provinces they do not vary as greatly as do the tax potentials. Third, with the development of large-scale enterprises operating on a nation-wide basis usually the income and profits of these industries which are earned in all the provinces of Canada can be taxed effectively only in the province in which the head office is located, which is generally either in the province of Quebec or in the province of Ontario.

According to the speech made by the minister when presenting his budget, if the proposals recently made to the provinces were applied to the present tax rate they would yield them a total of $640 million, whereas the tax rental agreements which were previously in effect yielded $531 million. This is an increased offer by the federal government of over $109 million. In my opinion that is a most generous offer, bearing in mind the tremendous responsibility of the federal government. We have been spending and must continue for some time to spend nearly $2,000 million on national defence.

The federal government has already relieved the provinces of huge responsibilities. Consider for a moment what we have done in

the way of social security which under our constitution is a provincial responsibility. We pay the full amount of family allowances and of old age security and we share with the provinces the cost of old age assistance, allowances for the blind and disabled persons' allowances. The federal government has made an offer to share with the provinces the cost of unemployment assistance and to bear half the cost of a hospital insurance scheme. Surely the federal government has done what any reasonable person would ask it to do in this regard.

I believe that the residents of the wealthier provinces must not—nor do I believe they do—object to assistance to the less wealthy provinces. Only in this manner can confederation develop in the spirit of unity and cooperation. I believe that first of all we are Canadians. While we wish to see every province have what revenue it requires for its essential purposes, nevertheless we must have a broader vision and do what is best for the nation as a whole.

In this regard I should like to quote, from the *Financial Times* of March 23, 1956, an article written by the celebrated correspondent Tempus. It is headed:

Government Under Fire For Saving the Taxpayers' Money.

It states:

You remember how Stalin has tried to rewrite history. Well, the Tory press of Canada has attempted the same thing in commenting on the recent provincial-federal conference. The 1956 federal-provincial conference was George Orwell's "1984" again.

All the Prime Minister tried to do was to save the Canadian taxpayer money.

For doing that, he was given the works; and so was the finance minister Walter Harris.

Here is what happened; Prime Minister St. Laurent chose to hold on to the taxpayers' money against ten provincial panhandlers. Never, even in some Arabian Night story, have such elegant "hand it over" fellows shown up here on the hill to grab money. If they had gotten their way Canada would have been bankrupt for years.

Rather cleverly, and with insidious deviousness, the provincial premiers have tried to show themselves as merely wanting to get their own money back. Well, if everybody had got his own way, the federal government would have had no money for any public business, welfare or otherwise.

St. Laurent had already given the provincial premiers a take it or leave it dictum. They could come to Ottawa, if they liked. But—they were not going to get any extra money. They had had enough . . .

The Prime Minister promised them nothing. The provincial premiers came because it was a glorious toot for them. Let not the taxpayers be fooled. The provincial premiers all love to come to Ottawa on expense account. Then they get enough anti-Ottawa ammunition to last them half a year. Besides a couple of them figure they acquired enough material for a political platform to carry them into power on a provincial election. But more than one such anti-Ottawa platform has turned out to be a political hearse!

So now the provincial apologists call the St. Laurent government deceptive. One of the premiers wanted to gouge the federal treasury for a cool $100 million. It used to be the criterion of political excellence if you could grab enough post offices; you were a great success. Now the test of provincial excellence is to take from the federal treasury the maximum amount of hard cash.

There is only one set of taxpayers. The provinces keep forgetting that.

I believe that editorial was written in a somewhat jovial vein, but I suggest there is great food for thought for the Canadian taxpayer in that article. I would ask the Prime Minister, the Minister of Finance and the government to continue their efforts to build a stronger and even more united Canada.

There is another matter that I should like to bring to the attention of the Minister of Finance. I refer to the grants to the municipalities in lieu of taxes on federal property within the municipalities. I would congratulate the government on the steps it has taken in this matter. The Municipal Grants Act was enacted on June 30, 1951. Very briefly I might point out that there are three kinds of grants; first, the annual grants in lieu of real property taxes; second, transitional grants which afford relief to the municipalities for loss of taxes where taxable property has been acquired by the federal government after December 31, 1948; third, grants in lieu of special assessments for local improvements.

I believe that in the municipalities where these grants are functioning there is general satisfaction with what the government has done in this matter. As most hon. members know, these grants are paid to municipalities only when there is abnormal concentration of federal property within their boundaries. At first it was paid to municipalities that had over 4 per cent of federal property as compared with the total value of taxable and federal property in the municipalities. Last year the minister reported to this house that 48 municipalities in Canada were sharing in the benefits of that legislation. At that time he introduced legislation which broadened the base so a larger number of municipalities could qualify. This was done by reducing the minimum percentage factor from 4 per cent to 2 per cent; by relating the grant to the ratio of federal property to taxable property only, instead of the ratio of the federal property to taxable and federal property combined; and, third, by the removal of the 75 per cent factor. At the present time the grants are calculated at the full property tax rates.

In my opinion, the government might very well give consideration to paying taxes on federal property in all municipalities. I do not believe this would mean a terrific increase in cost, because the municipalities where the heavy concentration of federal property does exist are already receiving by far the greater

proportion of their normal taxes. However, I believe that other municipalities, particularly those which are just under the 2 per cent, should be given further consideration. In my opinion, of course, the provincial governments should do likewise; but I believe that if the federal government would give leadership in this regard, the provinces would soon follow suit. The provinces, it is true, do make generous grants for education, for road building, for welfare and other purposes, but these grants are paid irrespective of any provincial property in the municipality and cannot be considered grants in lieu of taxation.

I should like to put on the record some assessment facts concerning my own town of Cobourg. I know there is a total taxable assessment of $9,140,000. The federal and provincial property in that town consists of $2,373,000 federal and $356,000 provincial, making a total for federal and provincial property of $2,729,365. When we add to that other exempt property in the town, we find that there is a total property exemption of over $5 million and a total taxable assessment of only $9,140,000. I must, however, thank the government for its very liberal grant to the town of Cobourg in lieu of taxes. As I have indicated, we have federal property in that municipality of over $2,373,000. This is due to the fact that the large No. 26 central ordnance depot is located in this area. The grant to the town of Cobourg amounts to just under $100,000, which, in a total budget of just over $700,000, is a very considerable sum.

We hear much of the need for further assistance to the municipalities, and I believe the provincial and federal governments can provide very necessary assistance to the municipalities by paying their full taxes wherever this property exists.

Now I come to the last subject I wish to discuss today, namely the situation of agriculture in our country. Earlier in my remarks I indicated that I wished to discuss this problem at some length. The Minister of Finance in his budget address, and the Minister of Agriculture have already told this house that agriculture is not sharing fully in the general prosperity of this country. As the representative of a riding half of whose citizens follow agriculture, I am naturally concerned with the fact that farm income has not kept pace with income in other industries in our economy. Agriculture, for a period up to 1951 enjoyed a period of great prosperity, I think the greatest in its history. However, since that time farm income has declined. Not only has the farm income declined but the expenses of farm operation have actually increased. I am told that the costs of farm operation are 2 per cent higher today than they were in 1951.

I believe that the prosperity of our agricultural citizens must be a primary concern of any government. I would ask this government to look very carefully into the situation to see whether anything more can be done to aid the farmers with their present problems. However, I must pay tribute to the policies of this government, which I believe have been of great aid to agriculture over the years. I place first among these the farm price support policy and I should like to deal with this matter later in my remarks. However, in addition to that we have paid subsidies on various agricultural products. We pay a large part of the transportation cost of feed grain to eastern Canada. We have premiums for higher grades on many of our products. We are spending money on research in order to learn how to deal with various agricultural problems. We have provided credit for farmers in various ways. Hence, Mr. Speaker, I think this government has done much for our agricultural citizens.

I support wholeheartedly the farm price support policy of this government because I believe it has made a real contribution to stabilizing, to some extent at least, farm income in this country, thereby making a real contribution to the economy of Canada as a whole. The purpose of the farm price support policy, as I understand it, is to make sure that the farmers receive a reasonable return during periods of high production and to prevent the consumer being charged an unreasonable amount during periods of low production.

I think a classic example of how this policy has worked is the butter situation as we have seen it develop in this country over the last 10 years. Prior to 1949 the government had been supporting butter at 58 cents a pound. In 1949 this support price was lowered to 53 cents per pound. Immediately production was decreased. In 1950 and 1951 we had to import some 22 million pounds of butter from New Zealand. In February of 1951 the consumer in Canada was paying 90 cents a pound for butter. I suggest to you, Mr. Speaker, that this proves very well indeed the high value of our farm price support policy.

I would ask the government, through the Minister of Agriculture, for the continuation of all the present floor prices, because I feel they are vital not only for agriculture but for the prosperity of the country as a whole. I believe that the citizens living in the cities should be somewhat better informed of the purpose of these farm price support measures because I think the farmer, the businessman

and the wage earner are each dependent on the prosperity of the other. National economic policy, if it is to succeed, can neglect neither agriculture nor the maintenance of high industrial income and employment. We must seek to obtain for the farm family a standard of living comparable with that enjoyed by workers in other industries.

At the present time the hog situation is not too satisfactory. In reading the paper today I notice that hogs have dropped to the floor price of $23 per hundredweight, although I doubt whether as yet the government has had to purchase any of these hogs. I believe the reason for this depression in the hog industry is the terrific production which took place in Canada last year as compared with that in previous years. We are fortunate, however, that there has been such an increased consumption on the domestic market, and that we have been able to export some of our hog products to the United States. I think we should certainly continue this support price of $23 per hundredweight for hogs, I think the Minister of Agriculture could very well give consideration to having increased premiums for grade A hogs.

I believe this suggestion was put forward yesterday by the hon. member for Grey North (Mr. Bennett). To me it is a means of assisting the farm producer, and more particularly of ensuring a high quality in our hog products, something which will make it much easier for us to export to the United States, as they desire this type of bacon. We should also keep in mind the British market, should dollars become more available in that country.

I have already indicated that the butter policy of this government meets with my wholehearted approval. I am pleased that we are able to get rid of some of our surplus in export markets, and I hope the government will endeavour to do more of this in the future. If we are able to export even a small percentage of our butter we shall have no need to worry about the disposal of the remainder of the butter produced in our country.

I believe the success of the government's policy in this regard is shown by the fact that the farmer's share of the retail price of butter increased from 60 per cent in 1939 to 78 per cent in 1955. Possibly this fact explains the attitude of the National Dairy Council, composed as it is for the most part of the large dairies of Canada, in opposing the government's present policy on the marketing of butter. We are noticing an increased domestic consumption of butter and cheese in Canada, and I have been informed that there is every hope that this year the production and consumption of butter will be more in balance.

I would also ask the government to restrict the importation of New Zealand cheese into Canada. If we can arrange it, I think it would be as well not to have any New Zealand cheese coming into Canada, though in saying this I believe our decision must be made in the light of the general international trade picture. We certainly must realize that international trade is a two-way street and that we cannot expect only to export as we certainly do not want to return to the Canada-first policy of the Bennett government which was so disastrous to the Canadian farmer.

I believe the farmers themselves recognize this fact. I should like to read from a statement of policy by the Canadian Federation of Agriculture published in January, 1955. It reads as follows:

> Whatever protection to the farmer from import competition may be found necessary, it must be provided in such a manner that the legitimate interests of consumers are protected. Moreover, Canada's and the farmers' fundamental dependence on a healthy and expanding foreign trade must be recognized and taken into account.

There is another matter which I should like to bring to the attention of the Minister of Finance. I would ask for a reconsideration of the tariff which is imposed on turkeys coming into this country. As hon. members know, there are three types of turkeys, live, dressed and eviscerated, and the large proportion of the trade both ways is in eviscerated turkeys. At the present time the Canadian tariff is 12·5 per cent ad valorem on each of these classes of turkeys. On live turkeys this Canadian tariff amounts to 4 cents per pound, whereas the United States duty is 2 cents per pound. On dressed turkeys we have the 12·5 per cent ad valorem which I believe amounts to about 4 cents per pound, whereas the United States tariff is 10 cents per pound. Then in the field of eviscerated turkeys, in which I am particularly interested, we know that our duty is 12·5 per cent whereas the United States tariff is 12·5 per cent with a minimum of 5 cents per pound.

I think that in Canada we could very well have the tariff on the importation of turkeys the same as that of the United States, namely that we should have a minimum of 5 cents per pound. If production in turkeys is high in the United States and the price falls, then our protection may go down as low as 3 cents a pound. Of course the reverse is true; if prices go up in the United States, then our tariff will increase and may be as high as 6 cents per pound. However, I think we could very well have a minimum of 5 cents a pound on these turkeys.

I should like also to state that in my opinion floor prices for agricultural products should be employed almost always on a national scale. I believe the government acted wisely in refusing the request of the Nova Scotia apple producer for assistance similar to what he enjoyed in past years, and offering instead assistance of 1 cent per pound available to all provinces in Canada. I do not believe it is equitable for the government to pay assistance to one province on a product which cannot be sold profitably in another part of Canada.

Finally, Mr. Speaker, I should like to speak quite briefly on marketing legislation for farmers. I believe that herein lies the solution to many of the problems which are facing agriculture today. We know that some of our provincial marketing schemes are to be considered by the courts to see if they have legal authority to continue. I believe that all governments should make sure these schemes have the required authority and if necessary legislation should be introduced to make the marketing schemes in Canada fully legal. I believe that to farmers marketing legislation is as important as the right to organize in unions is to labour, and all governments should take the necessary steps to see that this is properly handled.

I have had the pleasure of attending many meetings of the Canadian Federation of Agriculture in my riding. More recently farm union clubs are being organized, and I hope I shall have the pleasure of meeting with these farm representatives on an early occasion. I believe these organizations are vital to the welfare of the farmer, and that through them much can be done to solve the problems of agriculture. I ask for the continued interest of this government on all problems affecting the welfare of agriculture.

Mr. Charles E. Rea (Spadina): Mr. Speaker, I have listened with a great deal of interest to some of your remarks regarding whether or not people were reading speeches. I know that as a new member speaking for the first time I am allowed certain privileges. As I was sitting here looking at what I have in front of me I thought if you asked me the direct question, "Are you reading your speech?", I just do not know how I could honestly answer you. I have not found out yet just where notes stop.

During the Easter recess I walked around the Spadina riding from one end to the other. I could not find any wheat being grown there. There was a lot being consumed, but none being grown; so I can assure you, I am not going to speak about wheat at this time. Spadina riding is in a unique situation. We have a federal riding and within that federal riding are two provincial ridings. As many of you know, Spadina is one of the most cosmopolitan ridings in Canada. Let me show you why I say that. The representative of one of our provincial ridings is a Canadian of Ukrainian origin. The other provincial member is a Canadian of the Jewish faith, and I happen to represent the area federally. In my opinion this seems to indicate a tremendous growth in the thinking of people in Canada. It indicates a tremendous growth in democratic thinking, and it is that kind of thinking that is going to make Canada a much bigger and better place in which all of us may live.

I have never used the expression "new Canadian", because although I happen to be a third generation Canadian the man who received his citizenship papers this morning is just as good a Canadian as I am and is entitled to everything I am, so why should he be classified any differently? I wonder whether we all realize just what an immigrant goes through when he first comes to this country. In the province of Ontario alone there are 12 communist ethnic papers which are trying to sell their propaganda to the new immigrant, in his own language. Here is something that is hard to believe. These newspapers stress the fact that a Canadian communist is different from a Russian communist. I cannot emphasize too strongly how powerful a suggestion that is. As I said, there are 12 communist newspapers published in Ontario, and there are about twice that number in the whole of Canada. They have an estimated circulation of over 100,000 copies. They are published in 10 different languages. These newspapers are financed and managed from a central office in Toronto and, according to very reliable sources, one-quarter of a million dollars annually is the sum necessary to support the 12 in Ontario.

To offset that the democratic foreign language press in Ontario publishes about 35 newspapers and magazines in over 15 languages. There are 51 of these published in the whole of Canada in 22 languages, with a readership of about one million per week.

I wonder whether hon. members realize the silent warfare that is going on between those two bitterly opposed groups just for the minds of our immigrants. We all know that since the end of world war II approximately 1¼ million immigrants have come to Canada, and it is estimated that close to 900,000 of those have come from non-English speaking parts of Europe. These immigrants have brought to Canada millions and millions of dollars in actual money. An estimate would place this in excess of about $500 million, since the end of world war II. We also find that these immigrants help to create jobs, because they buy a lot of goods and in many

instances actually start their own businesses. A great many people believe—you have heard the remark, too—that these immigrants crowd many families into one house. This is completely wrong. According to a survey made about two years ago, of 128,000 immigrant households, 50,000 of the post-war immigrants own their own homes. A majority were single detached dwellings with all facilities. Of these, over 14,000 were entirely clear of mortgages. The remainder of the 128,000 averaged more than four rooms per household.

Bear in mind that for every worker we get almost one additional independent person, which helps to create additional consumer markets. Also remember that the minute those people go to work they become taxpayers and share the costs of running the country on all levels, be they municipal, provincial or federal. With that thought in mind I feel that since Canada has spent millions of dollars to get these people here—and it is an expenditure with which I agree, and I only wish we were getting a great many more immigrants—we should start to do more to educate those immigrants while they are going through the process of getting ready to become citizens.

Our investment in these people has started on the federal level, and it should carry on from the federal level. One of the ways to do this would be to support those democratic foreign language newspapers and magazines by advertising from every department of government. These advertisements could be in the form of educational information, describing the particular department. For example, the Department of National Health and Welfare could explain what it does; the Department of Labour could explain legislation affecting the workers; the Department of National Defence could explain its recruiting messages to those people who have been in this country long enough to be eligible for the armed forces.

I know the government does not think too much of this particular idea, because it does not want the outside world to think that it is recruiting men for the armed forces. But if these people are to become Canadians they should be entitled to all this information. The Post Office Department could tell them about its services, its rates, and particularly its overseas regulations. This could also work with the various other departments of government.

Remember, as I mentioned before, the bitter struggle that is being waged between the communists who are trying to win these people over to their ways, and the democratic foreign language papers that are trying to keep them our way. We must remember that these new people naturally write letters back home, and if those letters are full of praise and understanding about the ways in Canada, do you not think that will help to get more immigrants of the right kind out here?

I realize, of course, that the Department of Citizenship and Immigration does place advertising in these papers, but outside of the odd spasmodic advertisements by that department, one from the post office, and one from the R.C.M.P. about once a year, that is all the help these papers get that are doing more than anything else to explain democracy to these new people of ours.

A recent survey shows that in answer to the question put to these new immigrants, "Do you prefer reading your own language publications?" 96 per cent replied "Yes". To another question, "Do you receive one or more English weekly, bi-weekly or monthly magazines?", 80·1 per cent said they did not receive any of those. Therefore it is fairly obvious that the way to offset communist propaganda and to educate and tell these immigrants the wonderful opportunities that are here for them would be to support these democratic foreign language papers in a practical way through advertising.

I realize, of course, that the Department of Citizenship and Immigration does have a liaison group that tries to offset any communist effects, but it reaches such a small portion of these people that I am sure my suggestion would have a much greater effect. When these immigrants eventually become citizens—and remember, they have had to go through a lot to get to this point—many of us are fortunate enough to be able to adopt children. We all know the time comes when they are going to be asked the question, what does adoption mean? Perhaps most of these parents will wait until the child is old enough to understand. They will then take the children on their knees and say, "We looked at all the children in the world and out of all those children we chose you".

That is why I say that the immigrant who receives his citizenship papers has a big advantage over those of us who were born here, because when he gets his papers he can step outside and say, "Out of all the countries in the world, Canada, I chose you". In Spadina riding there are a great many people who have said and are waiting to say, "Canada, I chose you".

Since this speech is on the budget I am going to say something about it. During the Easter recess, besides walking around my riding I wanted to check and get some comments about this budget. We have heard a lot about television programs. The one I am going to refer to is on the list of those imported from the United States. When the

people in this particular program want some information they send out something which they call an A.P.B. I did not send out an A.P.B. to get the information I wanted; I sent out a W.I.T.B., which means "What is in the budget?" I sat back and waited, and it was not long before the answers started to come in. I received a flood of them, but the funniest thing I found in analysing them was that they were all the same. They were composed of just one word; "nothing".

I would like to make a few suggestions on a serious note to the Minister of Finance for his consideration. It might help some of those of us who are working people. For example, there are many jobs in which the man or woman employed has to wear a uniform. They pay for it themselves, and they are allowed no deductions when making out their income tax returns. This uniform helps them to earn their income, and it can be worn only when they are working. I can see no reason why it could not be classed as a deduction.

Let me give another example. In metropolitan Toronto we have more than one zone for street car fares. With new homes being built on the outskirts of the city we have this problem. The man or woman who lives on the outskirts and works toward the centre of the city, or the man or woman who lives in the centre and works toward the outskirts of the city, has to pay more than one fare. I cannot see why the government would not allow a person to deduct the extra fares that are paid as a legitimate expense. This would not be too difficult to handle, because the firm could verify the individual's correct address and could also verify the number of days he worked in the current year. I do not know whether hon. members realize just how much these extra fares can amount to in a year; they can run from $10 to $12 a month, or close to $120 a year.

Everyone has been trying to encourage people to buy their own homes; yet the interest they pay on their mortgages is not deductible in relation to private homes, and the cost of improvements to their homes is not deductible. The home is the basic foundation of this country, and if the government is going to encourage people to buy their own homes it should allow these people to deduct the interest on mortgages when paying their income tax.

We have had many statements in the house recently pointing to the deplorable shortage of engineers, scientists and teachers. This government has gone so far as to allow a foreign country to choose a foreign contractor for the D.E.W. project for the next three years because we are not capable of handling the work. Here is something that Dean Woodside of the University of Toronto said:

> If present trends continue there will be a desperate shortage of science teachers. The quality of students entering science courses will inevitably decline and the ultimate result for the schools, for the universities, and for all the many areas of society in which science is important might be disastrous.

We have also had several hon. members talk about the fact that scholarships should be made available in various forms, yet this same government which admits to these shortages does not do enough to encourage parents to send their children to university. After a boy or girl reaches a certain age the parents are allowed more deductions, but let us realize it is when a boy or girl enters university that the cost of education begins to reach its peak. Those of us who have struggled and are now struggling to put our own children through university are well acquainted with the costliness of university education. Why cannot the government be a leader in trying to overcome this admitted shortage by giving more tax relief, at the very least, for the parents?

I should like to refer briefly to the 20 per cent tax on Canadian editions of United States magazines. This subject has been adequately covered by one of the hon. members on this side of the house. I agree that the only reason anyone buys a magazine is that he thinks it is going to interest him, regardless of whether it is printed in the United States or Canada. I was always of the opinion that the job of the Department of Finance is to raise revenue as required, instead of doing what perhaps should be done by the customs department.

I would like to say a few words about the P.P.P.—the poorly paid postman. I understand, of course, that certain raises are going through as reported in the press, but even those are not sufficient. Postal employees are victims of the government, which stresses job security as a bait to attract them. The maximum salary paid to a letter carrier in Canada is slightly less than the minimum starting salary paid to a letter carrier in the United States.

How pitifully inadequate are the salaries paid to postal employees. This is apparent from the fact that numerous postal employees desirous of building their own homes under the N.H.A., which is sponsored by this government, are refused loans because their annual income is below the minimum required to insure that the applicant is a worth-while risk. In other words our government, which inaugurated the N.H.A. plan to provide the average working man with the opportunity of building and owning his own home, refuses to pay its own employees a decent annual

salary in order that they may qualify for a house under the government's own scheme. Certainly this situation is fantastic.

As one postman who has been in the service for some considerable time remarked, "I am the father of two grown girls, and it is rather humiliating that both my youngsters were able to get jobs and earn more money that I am earning after 25 years of service". The time has come for a general salary increase.

I should like to refer to another matter which was mentioned previously by the hon. member for York West (Mr. Hamilton). I think we have all been very shocked at the number of lives lost in this area due to fires since the first of the year. There is one cause of many of these fires which the government appears to choose to ignore for various reasons; that is the continued importing of substandard portable lamps and residential lighting fixtures. This government knows all about this matter, yet what is it doing about it? Absolutely nothing. I have mentioned the tragic loss of lives in this particular area since the first of the year without having referred to the loss of life throughout Canada. Let me quote something which appeared in the *Financial Post* of October 1, 1955:

> Electrical fires have cost Canada $55 million since 1950.

Is that not an appalling situation? The Canadian industry manufacturing these articles is not asking for higher tariffs but simply feels that foreign manufacturers should be required to make their products to the same rigid standards set up by the government which apply to Canadian products. The Canadian lamp and fixture manufacturers must have their products approved and must sign a contract for this approved service before offering them for sale. Why can foreign manufacturers bring in cheap, unsafe merchandise to compete with Canadian merchandise? We have the Food and Drugs Act and other acts to safeguard Canadians. What are we doing about this situation? Absolutely nothing.

The government has said that it wants to be sure it has the support of the provinces before it intervenes in this field, yet how is it going to find this out if it does not try? The government already has had very favourable indications and comments from the Hydro-Electric Power Commission of Ontario; the department of labour of the province of Manitoba, under whose jurisdiction this comes; the department of labour of the province of Saskatchewan; the electric light and power department of Edmonton; the department of industries and labour of Edmonton; the electric energy inspection department of Vancouver; the city electrician's office in the city of Moncton and others.

Why cannot this government take the lead and call the provinces together to discuss this matter and find a solution? Someone has to start the ball rolling, and I feel it is the responsibility of the federal government. Are we going to have to wait until more Canadians perish in fires as a result of these poor and unsafe electrical items? Let us stop trying to pass the buck between the provincial and federal governments. Let the federal government take the lead and summon the provinces together before more lives are lost.

Although I have been in Ottawa for a short time only, I could never understand why members of parliament were not allowed passes on T.C.A. A short time ago I discovered that the claim adjusters of the Canadian National Railways all have passes on T.C.A. I wondered about this, and the only comment I have to make at this time is this. I suppose when a train accident occurs the government wants to get the claim adjusters to the scene of the accident as quickly as possible to take statements from the people before they have a chance to discuss their claims with their lawyers. Of course that is what all adjusters do. I say it is just as important that hon. members who live some distance from Ottawa should be placed in a position where they can go home from time to time in order to find out what is going on in their ridings and, as an hon. member says, settle their claims as well.

I should like to say one or two things about the shipment of arms to Israel. I am and always have been in favour of the shipment of arms to Israel, because this would put the Jews in a position to defend themselves if they were attacked. I think you will agree that Egypt's actions in recent days have shown this to be a fact. I cannot understand why more definite action was not taken sooner by the United Nations which created the state of Israel, because everyone realized that trouble was bound to occur; but nothing seemed to be done until the fighting started to look serious. Then everyone started flying all over the world for conferences and talks to stop it. Perhaps this is just another one of those cases which have shown up so often of being too late, too late. I certainly hope not.

When listening to someone speak the other day I gathered this one little thought which I should like to pass on to the government for what it is worth:

> Men are not free to do what they will—that is anarchy.

Men are not free to do what they must—that is compulsion.

Men are free to do what they ought—that is democracy.

That is what I urge the government to be, a democracy.

(*Translation*):

Mr. Gustave Roy (Labelle): Mr. Speaker, I listened carefully to the speech just delivered by the hon. member for Three Rivers (Mr. Balcer). It is unfortunate that the hon. member did not choose the right place to make it. In fact his speech would have been quite appropriate on the floor of the Quebec legislature where he would surely have convinced his provincial colleague of Three Rivers not to give away our natural resources to the Americans.

Moreover, if the hon. member will take a look at the *Gazette* of this morning, he will find the statements made last night by his friend, the premier of Quebec, on the opportunity of encouraging as much as possible the investment of American capital in Quebec. I quote:

Foreign capital is essential to our development.

That is what Messrs. Duplessis and Eaton stated.

Foreign capital—

Stated Mr. Duplessis.

—contrary to what some people seem to think—

And the hon. member for Three Rivers is among them, I suppose.

—is essential to the economic expansion of Quebec. Foreign capital, whether coming from France, from Great Britain or from the United States, is always welcome.

On the eve of an election in our province, I am grateful to the hon. member for Three Rivers who so generously endorses the demands of the provincial liberal leader as far as our natural resources are concerned although in doing so he is not very nice to his provincial friends to whom he owes so much.

As far as family allowances are concerned, I agree with the hon. member for Three Rivers when he says that a readjustment of the rates would be appropriate. However, the Canadian people are very happy to be able to take advantage of such a beneficial legislation enacted by a Liberal administration, and the hon. member for Three Rivers should be the last to criticize it knowing as he does that, with his leader, there would be no such thing.

Mr. Speaker, in the course of everyday life, we often hear people talking of the variety of things from one day to the other and conclude most of the time by the old saying "Who knows what tomorrow may hold". The only ones who can flatter themselves for not being subjected to this rule are the members of this house. On the opposition side, from one session to the other, we always hear them repeating the same old thing. For some, the government has failed lamentably in its task; for others, the government is keeping the people of Canada in ignorance of the impending crash of the country's economy. Finally, for another section, the government has been living on hopes and Canadians find themselves in dire poverty and fear imminent disaster.

However, members on government benches are forced to repeat the same optimistic statements because of the fact that, every year, they find that we have made another step to a new high in all fields, political, commercial, economic and social. Therefore, everybody being free to analyse the economic data concerning this country, it is easy to ascertain the gradual changes that have come over our national economy. We will note, as a matter of fact, that from year to year and particularly since the last war, the revenue of the worker has improved, that profits are higher, the building trade more active and operations of all kinds more numerous than ever. But the statistical data on these subjects is more revealing still, on many scores.

In 1939 the gross national product was five billion 700 million dollars; in 1946 it had risen to 12 billion, and in 1953 to 23 billion. The expected figure for the current year is a record 28 billion.

This gradual improvement in the general economy has obvious repercussions in various areas of production and more particularly as regards wood products, mineral production, manufacturing, agriculture and labour, where the difference is even more marked.

Then there is a very special field where the contribution is even more tangible; it is that of the social reforms which have contributed to a large extent to maintain the Canadian way of life and the standard of living of the labouring class. In addition, these social measures have increased the economic security of most Canadians, and consequently that of trade and industry, through a more stable market. After 10 years, unemployment insurance benefits and social security contributions add up to several billion dollars and they are the factors which have contributed most to that stabilization and to economic prosperity in Canada.

For the last 10 years we have been confident, from year to year, in the future of

our country, and that confidence has been soundly justified because the Canadian people had put it in a Liberal government which did not fail in its duty. It is certainly not possible to obtain such vast transformation, such record expansion without a patch of shadow here and there. However, the expert handling of a sound and watchful administration has always been able to rectify the position without impeding the general progress towards a peak prosperity.

The prophets of doom, on the opposition side of the house, have had to revise their gloomy forecasts year after year.

Mr. Speaker, like every Canadian, I am pleased to note the improvement of the unemployment situation in this country, the willingness of the federal government to cooperate with the provinces in order to introduce some relief for the unemployed who are not insured. It seems there is a division of responsibilities and that this group of forgotten taxpayers will know a less anxious future.

We have been pleased to follow the discussions of the last federal-provincial meetings. They also seemed to warrant the hope of final achievement in various fields, like the tax agreements and the introduction of health insurance. I agree that, at first, the co-operation of my province in this respect has been cynical, but I am glad that some imminent atmospheric perturbations will soon permit a better understanding, which will lead to provincial co-operation, to a tax agreement and to the setting up of a national health insurance scheme to the best advantage of the people of my province.

Mr. Speaker, the farmers of my constituency asked me to congratuate the government on the way it has handled the problem of butter surplus and on its decision to maintain price support.

It is a pity however to see the different treatment inflicted on our Quebec farmers compared to those of the other provinces, just as a result of petty politics on the part of the government of my province. The farmers of my riding have just suffered two disastrous years, as a result of heavy rains two years ago, and of a drought last summer. Those two years have put the farmers into a very precarious situation. At the head of all those agricultural organizations, I pleaded with the federal Minister of Agriculture to help them in their plight, and he assured us of his willingness to help, provided naturally that the province co-operates and recognizes its share of responsibility in that field. I will be greatly surprised if the generous contribution of the provincial administration consisted of anything but promises.

Mr. Speaker, I shall devote the greater part of the unexpired portion of my time to give my impressions of my trip to Mexico last May, when I was a member of the Canadian delegation to the eighth assembly of the world health organization.

WHO is an agency of the United Nations of which 57 countries are members. Its headquarters are located at Geneva, where the annual meetings of that organization are usually held.

This eighth assembly, held by exception away from the ordinary headquarters at Geneva, had for its main purpose to acquaint the delegates from oriental countries with the efforts made to solve the problems facing that part of the Americas lying within 25 degrees on either side of the equator. Mexico is one of the countries which are in great need of that help to solve their health problems.

General conferences of that organization, following the same pattern as a session of a democratic parliament, are held each year. The Canadian delegation to that eighth assembly was composed of four physicians: Dr. Moore, head of the Indian division in the Department of National Health and Welfare and president of the Canadian delegation; Dr. Curtis, head of the department of health of the province of Prince Edward Island; the hon. member for Lanark (Mr. Blair), myself and a few technicians of the Department of National Health and Welfare.

I am pleased to note at this point that I have the happiest recollections of the cordial relations which the members of the Canadian delegation enjoyed amongst themselves. I can assure the Minister of National Health and Welfare that this delegation did in no wise betray the trust which he had placed in it in choosing it to represent this country in a worthy fashion.

The Canadian delegation, along with those of the other member states, participated in the work of the committees set up by the plenary assembly of the world health organization. Members of the Canadian delegation sat on two of the main conference commissions: the agenda and budget commission and the administrative, financial and legal commission, presided over by Dr. Moore, of Canada.

Mr. Speaker, the part played by Canada at these meetings is second in importance only to that of the great powers. Our country enjoys great prestige on the international scene. None more than the Canadian members of delegations sent to other countries are in a position to appreciate this fact. They have the great advantage of seeing how much consideration, confidence and sincere esteem our country, our Prime Minister (Mr. St. Laurent) and the leaders of our delegations to the United Nations, together with our democratic system and our sound administration, enjoy on the part of other countries of the world.

I wish at this point to thank the Minister of National Health and Welfare for the kind attention he had for me in giving me this opportunity to join all those who just returned from this mission abroad, feeling greater pride of being a Canadian and loving one's country all the more.

The work of the WHO throughout the world is essential and it is to the credit of Canada that her government recognizes its responsibility and duty towards this work of international civilization. Of course, Canada is interested in this ultimate humanitarian aim of improving world health and is helping other members to that end. Thus, after only 8 years, the world is already benefiting from this co-operation thanks to the devotion of officers of WHO and to their achievements in the improvement of social medicine and the conquests of science over sources of infection and contagion, in the study of social and economic problems on which rests the improvement of health as well as in the contribution and wise distribution of public moneys. The coalition of science and charity in generous and devoted people cannot but bring about gigantic achievements against microbiological scourges which spread disease and death in most of the countries of the world.

Thus a tremendous amount of work has been done, and it has produced magnificent results. But, after hearing the delegations of the various countries make known their complaints, their needs and their wishes, one realizes that WHO is still far from the ultimate aim of its efforts. The health situation throughout the world is still very shaky and efforts of WHO will surely have to be much more fruitful, as far as financial contributions and the scope of activities are concerned, to enable it to do its work with a more concrete hope of bringing about radical and permanent achievements. No one could make better use than WHO of any generous contributions from Canada and other members of the United Nations to ensure a minimum standard of health in the world.

Mr. Speaker, I believe that every effort on the part of the governments to achieve international peace will be ineffective, or fictitious as long as they do not establish the essential basis for this peace, that is the strength and energy to enjoy freedom, quietude and justice that only health can give. And this peace which our governments try to find at the price of such effort, will not be attained on the day when the United Nations have the supremacy of armaments and diplomacy, but when, in a universal gesture of charity and justice, they will have used all their efforts and energy for the conquest of the supreme physical and social welfare of all their member states.

How can we hope to achieve a universal political balance when more than half of mankind is still a victim of various plagues which science has overcome, but which are still, in actual fact, overpowering the vast majority of the world's peoples. How can a civilized and Christian world remain unaffected and indifferent in the knowledge that in the underdeveloped countries almost a billion people are suffering each year from swamp-fever, malaria and yellow fever?

Our world will not be able to claim it is civilized until the power of science and modern technology is made to serve human health everywhere.

In this twentieth century, after two dreadful world wars, men are striving to create a peaceful world. Indeed, there is nothing more essential nor more urgent in our time than to maintain world peace. Now, we all know that peace is not a simple political matter to be settled through agreements between nations, but that it hinges on the general progress of all nations. Peace is different from armed truce. Peace means liberty and plenty, justice and respect for man, a decent standard of living and above all good health. It is not enough to say that all nations and all men are entitled to be free, to be treated with justice and to have enough to live. To enjoy all that and to live a full life one must be healthy.

Mr. Speaker, would you allow me a few more minutes? I am nearly through.

(Text):

Mr. Deputy Speaker: May the hon. member have a minute or so by unanimous consent?

An hon. Member: No.

Mr. Gillis: Let him finish.

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

(Translation):

Mr. Roy: Thank you, Mr. Speaker.

The end of 1955 marked the tenth anniversary of the United Nations Organization. This is the time to take our bearings or, if you wish, to sum up the ideas and the accomplishments of that organization.

It must certainly be recognized that in spite of what may have been said by some people, this institution has done a tremendous and beneficial job, and Canada won an honourable position through its generous contributions in many fields.

But, on the other hand, has Canada contributed its full share, and should it not do much more, especially as regards the financial part of the plan of assistance to the underdeveloped countries. I believe, along with Canadian newspapers, that the prestige and impact of our civilization urgently require that the western world brings a brilliant evidence of Christian charity and of solidarity to these underdeveloped people. Therefore, we can but support the recent decision of the government to increase substantially its contributions to the fund for assistance to these poor countries, although we consider that this increase is but a minimum.

Mr. Speaker, any right-minded citizen cannot refrain from admiring what countries are doing today, through United Nations agencies, to improve the sanitary and economic conditions of the underdeveloped countries. By giving food to hungry people, by improving their health, and by bringing technical assistance to the underdeveloped countries, we can do more to achieve peace than by spending billions of dollars on armaments. This is the genuine task pertaining to the nations such as ours which can produce what the world urgently needs.

In conclusion, Mr. Speaker, I want to point out that, in Canada, we have to face a problem of food surpluses. I humbly submit that the government might divert a few millions from war items to buy and send this food to the countries that are in need of it. This would be the best way to stop war, a vigorous stimulant in favour of peace and a powerful antidote against communistic ideology. We are a Christian country and our religious principles recommend that we extend our fraternity to all the world. If the Christian doctrine asks that we feed the hungry, clothe the naked and nurse the sick, if our Christian faith is real, we should encourage the government to pass the necessary legislation to prove that our creed is not restricted to principles but finds its expression in deeds.

(Text):

On motion of Mr. Simmons the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue with this debate tomorrow.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CIVIL DEFENCE, MONTREAL

Question No. 281—**Mr. Hamilton (Notre Dame de Grace):**

What items, in what quantities, and for what values, were made available to the city of Montreal for civil defence purposes, either directly or indirectly by the federal government?

Answer by: **Mr. Martin:**

Questions

Items	Quantity
Anti-gas boots	635
Anti-gas gloves	230
Anti-gas suits	225
Anti-dim	1,300
Armbands	1,223
Badges:	
French	660
English	156
Lapel for male	4,000
Lapel for female	800
Beanies	1,000
Blankets	950
Charts	90
Charts rescue training	6
Coveralls	380
Dressing: 1st field	1,000
triangular bandages	10,000
Firemen's coats	180
Firemen's boots	180
Fire pumpers:	
840 g.p.m.	2[1]
Tarpaulins	2
500 g.p.m.	3[2]
Tarpaulins	6
Discharge water hose	4
Suction water hose	2
100' cable assembly	6
Fuses matches	300
Grenades	34
Incendiary bombs	100
Kits:	
First aid metal boxes	90
Radiological reconnaissance	5
Wardens first aid	1,000
Map cases	6
Pocket dosimeters	6
Charging unit for dosimeter	1
Radiac sets	2
Respirators	14,450
Respirators for babies	3
Rubber boots	508
Shoulder flashes (French)	100
(English)	100
Signs:	
Danger flags	6
Direction discs "pegs"	6
Shelter area here	100
Shelter arrow	6
Warden post	6
Sirens air raid	48
Timers for sirens	7
Steel helmets	9,340
Stirrup pumps	1,222
Stretchers	528
Stretchers slings	500
Tags emergency medical	90
Tear gas	320
Thunderflashes:	
Mark I	100
½ explosive power	100
Whistle type	20
Transfers:	
For helmets (French)	400
For helmets (English)	400
For vehicles large	1,500
For vehicles small	1,500
For vehicles bilingual	700
Trucks:	
3 tons	2[3]
Rescue equipment	2
Wireless:	
No. 19	35
Portable walkie-talkie	4
First aid station training kits	44
Stretchers wooden for first aid station kits	176
Blankets for first aid station kits	352
Home nursing training kits—complete w/supplementary supplies	6

Total value—$286,750.

[1] Arrangements have been made for the reallocation of one of these pumpers, with accessories, to the city of Verdun, which has a civil defence organization.

[2] Arrangements have been made for the reallocation of two of these pumpers, with accessories, to the cities of St. Lambert and Lachine, both of which have civil defence organizations.

[3] Arrangements have been made for the reallocation of these two rescue trucks, fully equipped, to the cities of St. Lambert and Lachine.

Arrangements have been made for the reallocation of numerous items of civil defence training stores, including steel helmets, respirators, stirrup pumps, coveralls, etc., to Verdun, Lachine, and St. Lambert.

The provincial deputy civil defence co-ordinator for Quebec has advised that further requests from these same cities will be forthcoming shortly as well as from other cities in the area surrounding Montreal which have active civil defence organizations and are planning training programs.

Questions

RIVIERE DU LOUP ARSENAL

Question No. 384—**Mr. Dufresne:**

1. Has a decision been made to sell the Riviere du Loup arsenal?
2. If so, on what date and what were the reasons which motivated this decision?
3. Were public tenders called? If so, on what date?
4. What is the deadline date for submission of public tenders?

Answer by: **Mr. Howe (Port Arthur):**

1. Yes.

2. February 23, 1956. Completion of contracts and reduction in requirements for ammunition involving components produced at the Riviere du Loup arsenal.

3. Yes. Offers to purchase were solicited by Crown Assets Disposal Corporation through public advertisements in newspapers on March 7, 8 and 9, 1956.

4. Offers to purchase were to be forwarded to Crown Assets Disposal Corporation not later than March 29, 1956.

HOUSE OF COMMONS

Thursday, April 12, 1956

The house met at 2.30 p.m.

FLOODS

PETITION REQUESTING DECLARATION OF ASSINIBOINE VALLEY AS DISASTER AREA

Mr. Speaker: I have the honour to inform the house that the Clerk has laid on the table the 20th report of the clerk of petitions. In that report the clerk of petitions says that the petition of the following—which is the one of J. L. C. Carter of Petersfield, Manitoba, and others presented on April 11 by the hon. member for Selkirk (Mr. Bryce)—meets the requirements of standing order 70 as to form. However, the clerk in connection with this petition has given me an opinion which reads as follows:

It is my duty to inform you that although the petition presented Wednesday, April 11, by Mr. Bryce meets the requirements of standing order 70 as to form, it is irregular in so far as it asks the house to consider the granting of financial assistance.

The petitioners pray that this house may be pleased to consider:

(a) The advisability of declaring the flooded Assiniboine river valley and the interlake area a disaster area;

(b) The granting of financial assistance on the basis of $5 per productive acre flooded during the 1955 crop year, which would assist us to maintain our farm homes and to put in a crop this coming spring.

It is my submission that, in accordance with section 54 of the British North America Act, 1867, it is not lawful for the house either to receive or to consider a petition or any other measure involving the expenditure of public money unless the expenditure has been first recommended to the house by a message of the governor general. In dealing with the provisions of section 54 of the British North America Act, Bourinot at page 407 of his fourth edition has this to say:

"No principle is better understood than the constitutional obligation that rests upon the executive government, of alone initiating measures imposing charges upon the public exchequer."

May in his fifteenth edition, page 654, deals with the financial initiative of the crown, in the following words:

"The sovereign, being the executive power, is charged with the management of all the revenue of the state, and with all payments for the public service. The crown, therefore, acting with the advice of its responsible ministers, makes known to the commons the pecuniary necessities of the government; the commons, in return, grant such aids or supplies as are required to satisfy these demands; and they provide by taxes, and by the appropriation of other sources of the public income, the ways and means to meet the supplies which they have granted. Thus the crown demands money, the commons grant it, and the lords assent to the grant; but the commons do not vote money unless it be required by the crown." . . . If this petition were to be received and considered, the house in my opinion would be dealing not only with a direct request for a grant of money out of the public revenues, but it also would be deciding the quantum of the proposed grant.

There is no doubt in my mind that it has been an unbroken practice in our house to reject petitions directly praying for the granting of money out of the public revenues. (See Bourinot's fourth edition, page 237; also Beauchesne's third edition, citations 608 and 621.)

For these reasons, it is my considered opinion that the petition is out of order and therefore it should not be received.

Respectfully submitted,
(Sgd) Léon J. Raymond.

I concur in this opinion, and therefore I rule the petition cannot be received.

HOUSE OF COMMONS

RULING WITH RESPECT TO MOTIONS FOR PAPERS AND QUESTIONS TRANSFERRED TO NOTICES OF MOTIONS

Mr. Speaker: Hon. members will notice on today's order paper at page 12 that there are two notices of motions that are still printed notwithstanding the provisions of standing order 15 (4).

On Wednesday, March 21 last, two motions for the production of papers were transferred to "Notices of Motions" by virtue of the latter part of standing order 47:

". . . but if on any such motion a debate be desired, it will be transferred by the Clerk to the order of 'Notices of Motions' ".

At the time there was one private members' Monday still available out of the six provided by standing order 15 (3).

The last private members' day was spent on March 26.

Standing order 15 (4) states that after the fifth sitting day following the expiry of Monday as a private members' day, notices of motions shall not be printed on the order paper.

Yesterday, Wednesday, April 11, was the fifth sitting day following the expiry of Mondays as private members' days.

It is one of the numerous duties of the Clerk to attend to the preparation of the order paper (see standing order 84).

Standing Order No. 47

On the day immediately following the last private member's Monday, namely, on Tuesday, March 27 last, I wrote to the Clerk as follows:

My dear Mr. Raymond:

I wish to follow up the ruling that I made on March 21 last, regarding the transfer of a motion under standing order 47, a ruling in which you concurred.

At the time of the ruling there was one private members' day left, and it was spent yesterday, Monday, March 26. Because of some of the remarks that were made at the time of the ruling, I expected that yesterday some member would, shortly after the opening of the house, use standing order 24 and move "that the orders of the day be now read". If that motion had carried, the motion could then be moved by virtue of standing order 44 "that the house do proceed to order No. 35 under 'Notices of Motions' ", namely, the motion for production of papers transferred at the request of Mr. Pickersgill under the latter part of standing order 47. However, no one tried to have that notice of motion reached.

Now that the sixth private members' day has expired we must take a look at standing order 15 (4):

"Notwithstanding the listing of 'Notices of Motions' as an item of daily business in section (3) of this order, such notices shall not be printed on the order paper after the fifth sitting day following the expiry of Monday as a private members' day".

It is my considered opinion that when standing order 15 (4) was adopted by the committee last year, the "Notices of Motions" to be affected were those introduced on the order paper after notice under standing order 48. Now that all private members' days have been exhausted, "Notices of Motions" appearing on the order paper by virtue of standing order 48, will not be printed on the order paper in consequence of the provisions of standing order 15 (4) but standing order 15 (4) was never meant to and does not affect "Notices of Motions" transferred under the latter part of standing order 47. In my opinion, motions that have been transferred or motions that will be transferred under the latter part of standing order 47, whether private members' days have expired or not, have to be printed under "Notices of Motions". The purpose of transferring a "notice of motion" under the latter part of standing order 47 is to have a debate. It is obvious that when we amended the rules last year we overlooked the passage of the necessary consequential amendments in order to make good the right of debate in relation to the right of transfer given to any member in the latter part of standing order 47. It is clear to me that once all private members' days have expired, the right to transfer should be upheld by the house only if the right to debate the transferred motion is assured. It will be, of course, the responsibility of the house, and particularly of the leader of the house (Beauchesne's third edition, citations 136, 9 and 10), to provide the opportunity to debate any motion so transferred.

In the circumstances, if you agree, I would advise you to have printed under the listing "notices of motions" all motions which may have been transferred or may be transferred under the latter part of standing order 47.

Yours sincerely,

(Sgd) L. René Beaudoin,
Speaker.

[Mr. Speaker.]

To that letter I received from the Clerk the following reply on March 28:

Dear Mr. Speaker:

In reply to your letter of March 27, it also seems to me that the committee on procedure did not intend to have the provisions of standing order 15 (4) apply to motions for the production of papers which have been transferred to the heading "notices of motions" pursuant to standing order 47. Accordingly, I propose to continue for the duration of the session the daily printing of any motion for the production of papers that has been or which may be transferred to the heading "notices of motions".

I have read carefully your ruling of Wednesday, March 21 last, and the remarks made on the point of order at that time by several members. Although it is not for me to comment upon a Speaker's ruling, I venture to say that, according to practice, you had no alternative to the course which you pursued at that time. In every precedent which I have been able to find, the same course has been followed without exception.

If it is desirable to have a change made in a procedure based on a standing order and supported by an invariable practice, even though that procedure may not have been used very often, the responsibility for taking corrective steps rests, in my opinion, with the house.

It is obviously impracticable to provide for a debate by standing order 47 and, on the other hand, to prohibit debate on the same question by virtue of standing order 15 (3).

To my mind, the transfer of a motion for the production of papers should be conditional in every case upon an assurance that there will be an opportunity to debate the same.

Respectfully submitted,

(Sgd) Léon J. Raymond.

The same reasoning must apply to any question which could be transferred to notices of motions under standing order 39(4), which reads as follows:

(4) If, in the opinion of Mr. Speaker, a question on the order paper put to a minister of the crown is of such a nature as to require a lengthy reply, he may, upon a request made by the government during the question period on Wednesday, direct the same to stand as a notice of motion, and to be transferred to its proper place as such upon the order paper, the clerk of the house being authorized to amend the same as to matters of form.

I wrote again to the Clerk on April 11, 1956, as follows:

Dear Mr. Raymond:

Please refer to my letter of March 27 and your reply of March 28, 1956.

The same procedure should, I believe, be followed if paragraph 4 of standing order 39 were to be taken advantage of.

I could find only one precedent for the use of standing order 39 (4) which appears in *Hansard*, Vol. 1, February 16, 1923, pages 343 and 344.

Yours truly,

(Sgd) L. René Beaudoin,
Speaker.

This correspondence speaks for itself and I do hope that this ruling will meet with the approval of the house, which is the master of its own procedure and may use it in any way it pleases to carry out its wishes.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask one question. In doing so I wish to express my own personal thanks to Your Honour for having supplied me with copies of this correspondence so that I have been able to study it. My question is this. In view of the statement in your letter to the Clerk under date of March 27 that it will be the responsibility of the house and particularly the leader of the house to provide the opportunity to debate any motion so transferred, will the leader of the house make such an arrangement?

Hon. W. E. Harris (Minister of Finance): Certainly, Mr. Speaker.

Mr. Knowles: Perhaps the minister would indicate when that debate will be arranged.

Mr. Harris: Not now.

[*Later:*]

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to ask the leader of the house a question. He indicated today that an opportunity will be given to debate notices of motions for production of papers transferred to notices of motions. Can he inform the house when that opportunity will be given?

Mr. Harris: At a time to be arranged in the usual manner.

AGRICULTURE AND COLONIZATION

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Rene N. Jutras (Provencher) presented the first report of the standing committee on agriculture and colonization, and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. W. J. Henderson (Kingston) moved:

That the petition for a private bill of Ogdensburg bridge authority, presented on April 10, 1956, together with the clerk of petitions' report thereon of April 11, 1956, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

TELEGRAPHS ACT

AMENDMENT CONCERNING CONTROL OF SUBMARINE CABLE INSTALLATIONS

Hon. George C. Marler (Minister of Transport) moved for leave to introduce Bill No. 212, to amend the Telegraphs Act.

Mr. Knowles: Explain.

Mr. Marler: The purpose of the bill is to amend the provisions of the Telegraphs Act concerning the licensing of the installation of submarine cables.

Motion agreed to and bill read the first time.

TRADE

INTERNATIONAL WHEAT AGREEMENT—INQUIRY AS TO PROGRESS OF NEGOTIATIONS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether he is in a position to advise the present situation relative to the international wheat agreement conference and whether there has been any reasonably firm conclusion arrived at as to maximum and minimum prices.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the international wheat agreement conference was recessed some three weeks ago to enable delegates to consult their governments and will reconvene in London on the 16th of this month. As all the sessions were in camera I will not be able to disclose the present situation until the conference reaches a conclusion.

Mr. Diefenbaker: Is there any hope?

Mr. Howe (Port Arthur): Oh, yes.

Mr. H. R. Argue (Assiniboia): I wonder if I could ask a supplementary question. Is there any possibility that the United Kingdom will come into the agreement or is the United Kingdom still opposed to such agreement?

Mr. Howe (Port Arthur): The United Kingdom is not opposing the agreement, but on the first day of the conference it stated that it would not be a party to the agreement.

FINANCE

STATUS OF PROPOSED TAX ON CERTAIN ADVERTISING REVENUES

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I should like to direct a question to the Minister of Finance of which I have given notice. In view of the submissions made to him by the association of Canadian advertisers, which would indicate that the actual effect of his proposed 20 per cent tax on advertising revenues of foreign-owned Canadian edition publications would be the direct opposite of his stated purpose of the tax, is the Minister of Finance now considering scrapping this proposed measure before it can become law?

Inquiries of the Ministry

Hon. W. E. Harris (Minister of Finance): The letter from the association of Canadian advertisers reached my desk yesterday along with a number of other letters in connection with the magazine tax. All of these representations are of course being considered by the government and will be dealt with when we reach the resolutions stage.

INQUIRY AS TO REPRODUCTION OF HER MAJESTY'S PICTURE ON PAPER CURRENCY

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to direct a question to the Minister of Finance, notice of which I have already sent him. Will the minister tell the house when it might expect the answer to each of the two questions which I asked him on March 26, 1956, seeking to learn: First, who was the artist who prepared the picture of Her Majesty as it appears on current Bank of Canada bills; and second, who were the officials who employed that artist?

Hon. W. E. Harris (Minister of Finance): The engraving which appears on the Canadian currency was taken from a photograph which the Queen authorized for that particular purpose. The engraving was done by an employee of a bank note company that we employ on most occasions when we print currency. I am not familiar with his name, nor do I know how I could find out what it is.

POST OFFICE DEPARTMENT

NEW WESTMINSTER—PROVISION OF RAIN GEAR FOR LETTER CARRIERS

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the Postmaster General or to his parliamentary assistant, notice of which I gave earlier to the parliamentary assistant. Is the minister aware that approximately 40 per cent of the present staff of letter carriers in the New Westminster area are not properly equipped with proper rain gear, nor has it been available to them for the past six months; and, if so, what action is being taken to rectify this condition?

Hon. Hugues Lapointe (Postmaster General): I wish to thank the hon. member for giving me notice of this question. I am informed that the district office in Vancouver did advise the head office a short time ago that there was a shortage of rain gear for letter carriers and that a sufficient number were sent, over two weeks ago, to deal with the situation. I must say I am rather surprised to hear someone from the west coast complaining about not being protected against rain at this time of the year.

[Mr. Nickle.]

AIRPORTS

RADAR EQUIPMENT—REPORTED AWARDING OF CONTRACTS TO U.S. COMPANY

On the orders of the day:

Hon. George C. Marler (Minister of Transport): The hon. member for Kamloops (Mr. Fulton) inquired yesterday regarding the radar equipment being ordered by my department for installation at Canadian airports.

These radar sets, which are highly complicated and of advanced design, were ordered after tenders had been called, and the contract was awarded to the company which submitted the lowest tender that satisfied departmental specifications. The prices quoted by Canadian companies for the equipment in question and its installation were higher by about $1,400,000 to $3,800,000 than the price quoted by Raytheon Manufacturing Company. This company, jointly with Canadian interests, is establishing a new Canadian company and, as has been announced, certain parts of the equipment will be manufactured in Canada by this new company and by other Canadian firms. I am not in a position, however, to make a general statement on the position of the Canadian electronics industry other than to indicate that I understand that in the case of complex electronic equipment it is normal for some parts to be manufactured outside the country and imported.

Mr. E. D. Fulton (Kamloops): I wish to ask a supplementary question. Do I understand from the minister's reply that the subsidiary company, which I believe is to be known as Raytheon Canada Limited, is to be formed or has been formed subsequent to the letting of the contract to the principal company whose head office is in Waltham, Massachusetts?

Mr. Marler: I am not able to answer precisely as to when the subsidiary company was established or is to be established. My information is that it was the intention of Raytheon Manufacturing Company with Canadian interests to establish a Canadian subsidiary.

Mr. John B. Hamilton (York West): I should like to ask a supplementary question. Was a firm undertaking given by the United States company that it would use the Canadian enterprise mentioned in connection with this contract?

Mr. Marler: I think the answer is no, Mr. Speaker.

[*Later:*]

On the orders of the day:

Mr. Hamilton (York West): May I direct a further supplementary question to the Minister of Transport. Is consideration given by his department in connection with letting these contracts for electronic equipment only to the question of price or has the department taken into consideration the additional factor of the "made in Canada" feature?

Mr. Marler: Mr. Speaker, I think the department has given consideration to all of the pertinent factors that apply in the case of this order. Inasmuch as all of the Canadian tenderers contemplated the importation of some part of the equipment, I think our decision to award the contract to a firm which was going to produce the equipment for a price approximately $1,400,000 less than the next tenderer is something that will commend itself to the Canadian taxpayer.

PENSIONS

BRITISH COLUMBIA—REQUEST FOR INCREASE BY SUPERANNUATED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Has the minister received a telegram from the superannuated civil servants of British Columbia asking when they may expect increases similar to those granted active civil servants? What is his answer to this telegram?

Hon. W. E. Harris (Minister of Finance): No, Mr. Speaker.

Mr. Knowles: To which of my questions does the minister make that answer?

Mr. Coldwell: One question at a time?

Mr. Harris: I just heard the first question, which was whether or not I had received a telegram, and I made the answer "no".

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 11, consideration of the motion of Hon. W. E. Harris (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.

Mr. J. A. Simmons (Yukon): Mr. Speaker, the theme of what I wish to say today will differ from that of any other speaker in this debate. I do not propose to discuss any of the financial proposals contained in the budget

but rather I wish to link my remarks to the trade aspects of the finance minister's statement, especially Canada-United States trade. If what I propose to advocate is carried into effect, I am satisfied that an improvement in trade relationships between Canada and the United States will result and that the economy of British Columbia, the Yukon Territory and the territory of Alaska will undoubtedly be substantially strengthened.

Sometimes hon. members in this house, intentionally or otherwise, place a road block across the traffic flow of government business. This results from their efforts to call attention to a certain situation or condition of affairs which, at least to them, constitutes a matter of urgent public importance. Today, sir, I want to draw the attention of the government, the house and the country to a matter which I believe all hon. members will admit truly merits the title of vital public business. What I wish to discuss is certainly vital to the future of Canada's northwest and, I think, to the future of the whole Canadian nation. In raising this matter I am not introducing it as a road block to the business of this house but rather as a stepping stone to progress. If the right kind of action is taken, it will result in the most important single advance in the history of economic development in the northwest and in Alaska.

The community of interests shared by the United States and Canada for more than a century has nourished and stimulated one of the most significant partnerships in the whole long history of international relationships. Not only have the two nations enjoyed long, unbroken political friendship, but their effective co-operation in the economic sphere has been a major factor in winning for North America world leadership in private enterprise achievements and in creating high standards of living for the people of this favoured continent. In the matter of fisheries control, St. Lawrence seaway, Canol pipeline, the Alaska highway, airport bases and radar systems—to mention a few of them—Canada and the United States have tackled thorny international problems and worked together to produce practical solutions that have been an example to the world in co-operation and compromise.

There is yet another complicated situation in which the spirit of give and take and of international teamwork will produce on this continent even more far-reaching benefits and results. A glance at the map will show the Alaska panhandle to be, to all intents and purposes, an economic island, its natural lines of land communication passing through Canadian territory. In the same way, Yukon territory and northern British Columbia are isolated in an economic sense because their

natural channels of water communication lead into harbours located along the Alaska panhandle at Skagway, Haines, Juneau, and Wrangell to mention four of them. It is to be hoped that common sense rather than sentiment will soon win out and unravel this complex and wholly unnecessary impasse so that means will be found to advance and expedite the progress and development of the Yukon, northern British Columbia and Alaska. It is in that spirit, Mr. Speaker, that I lay this matter before the house at this time for consideration.

There is perhaps no other part of the world where two nations have more closely similar problems, conditions and objectives than have Canada and the United States in their lands, in the northwest of this continent. The development of these extensive areas, so necessary in the broad national interests of both countries, depends primarly on efficient, unobstructed transportation. That primary condition does not exist today. Some early definite move looking toward co-operative action in this direction is urgently indicated.

At the base or root of the transportation problem is the long, narrow strip of coastal territory commonly known as the Alaska panhandle. This strip serves to shut off access to the Pacific coast as far south as 54 degrees north latitude so far as Yukon Territory and roughly one-half of the province of British Columbia are concerned. There is no question that the existence of this land barrier is restricting the economical development of the Canadian northwest and for the same reasons is not helpful to the growth and prosperity of the United States ports along the Alaska panhandle.

I wish to make it clear that Canadians are not the only ones asking for a solution to this restrictive situation. A number of United States mining companies operating at points and in areas adjacent to the panhandle want to be rid of unnecessary boundary complications.

In these remarks I do not intend to dwell in any great detail or at any length on the historical background to the present Alaska-Canada boundary arrangements. There is no point in reviving ancient and largely buried animosities or opening up old wounds. But certain relevant facts of history should be pointed out for the sake of a wider and better understanding of the problem and of possible remedies or solutions.

In 1825, years before the United States acquired any interest or ownership of the territory of Alaska, Britain and Russia entered into a treaty at St. Petersburg. This agreement defined the boundaries of their respective lands in northwest America. Canada succeeded to Britain's claims and, in 1867, the United States succeeded to Russia's position through purchase of Alaska.

Section 6 of the 1825 treaty stated in part as follows:

> It is understood that the subjects of His Britannic Majesty, from whatever quarter they may arrive, whether from the ocean, or from the interior of the continent, shall forever enjoy the right of navigating freely, and without any hindrance whatever, all the rivers and streams which, in their course towards the Pacific ocean, may cross the line of demarcation upon the line of coast described in article 3 of the present convention.

From time to time minor incidents arose to emphasize the need of a definite interpretation and application of this agreement, but in those days settlers were few and governments busy. Matters drifted until the Klondike discoveries compelled action. Negotiations commenced for such a settlement, but the status of Canada at the time was still that of a colony and London, England, handled negotiations with Washington, D.C., leading up to the appointment of the much-discussed and soundly-cussed Alaska boundary commission and its award in 1903.

Some years previously, in 1889 to be exact, Sir John A. Macdonald raised a definite protest against the United States occupation of territory bordering on the Lynn canal, a large and important inlet in the panhandle between Juneau and Skagway, Alaska. In those days the British foreign office disapproved of communications direct from Ottawa to Washington. So Sir John had Sir Charles Tupper ask the British foreign secretary to instruct the British minister to the United States to convey to the United States state department the protest over the Lynn canal action. The British minister, Sir Lionel Sackville-West, writing from a comfortable summer hotel veranda, informed the state department that some Canadians had raised some objection to some action of Americans about a charter somewhere in the Alaska region, to which the Americans naturally replied it was not so, and there the matter ended.

One good result, at least, that came of the unhappy Alaska boundary negotiations and award was a renewed determination by Canada to do its own negotiating with other nations. However, at the time of the appointment of the Alaska boundary commission, most opinions coincided with that of the Brooklyn *Daily Eagle,* namely, "that there was as much chance of convincing a tribunal, so constituted, of the soundness of the Canadian case as there was of a thaw in Hades."

Since the boundary award, national tempers have cooled and some of the local

pressures declined with lessening activity in the Yukon goldfields. But history has a habit of repeating itself. Once again we find widespread active interest in the natural resources of the northwest and once more there is a growing demand for free access by Canadians to port facilities on the Pacific coast.

In denying such access to Canadians in 1903, the boundary commission probably did not foresee that such denial would retard development of southern Alaska, as well as northwest Canada.

In a brief prepared for the Gordon royal commission on Canada's economic prospects, and dated at Vancouver, December 1, 1955, the British Columbia and Yukon chamber of mines declared:

It is strongly recommended that the Canadian government should approach the government of the United States to arrange a series of meetings to discuss this vitally important problem. Existence of the foreign-owned strip of land covering the northern coastline of British Columbia is restricting development of mineral resources in the northern section of the province and in the Yukon. It is very obvious the situation will become more aggravated as the north country develops, and becomes of greater importance. Consequently we consider that now is the time for Canada and the United States to get together and discuss, on the usual friendly basis that exists between these two important countries, the matter of arriving at a permanent solution to this problem. "Corridors" through the Alaska panhandle must be established if we are to bring about full development of mineral and other resources in northern areas.

Actually, back in November 1953, the executive committee of the British Columbia and Yukon chamber of mines had passed a resolution favouring a meeting at an early date between appropriate officials representing the province of British Columbia, the Yukon Territory and the territory of Alaska, to discuss the proposal that the territory of Alaska allow British Columbia and the Yukon access to the ocean by way of a number of narrow strips of land or corridors, cutting through the panhandle of Alaska, so that Canada can develop its own deep-sea ports and industries in these northern areas, which in no way should interfere with the rights of the people of Alaska or with existing terms, ports and other important settlements already established in that territory. It is felt that the establishment of these Canadian ports and subsequent development of hydro electric, mineral and other resources, will bring prosperity to all citizens of Canada and the United States living in those northern areas.

Again in May 1954, Mr. Frank Woodside, manager of the British Columbia and Yukon chamber of mines, writing to Hon. Hugh Butler, United States senator from Nebraska, and at the time chairman of the United States senate committee on interior and insular affairs, stated that the establishment of corridors will eliminate the nuisance of customs inspections, both coming in and going out—and the transferring of men and supplies—so that Canadian mine operators will not be subjected to United States and Canadian regulations in the free operation of their mining properties which, in a few years, will be very extensive.

That letter had followed a speech made in the United State senate on January 29, 1954, by Senator Butler. In his concluding remarks on that occasion, Senator Butler said:

Before I close, these is one problem troubling many Canadians on which I believe we could properly be of help to Canada. That is the question of Canadian access to the Pacific ocean across the Alaska panhandle. It happens that the Alaska panhandle extends down the coast, cutting off Canada's access to the sea as far down as 54 degrees north latitude. That is an unusual situation which might well give rise to conflict and bitterness between any two nations not on friendly terms with each other. Every member of the senate is familiar with the problems that have arisen in European history when a nation has found its access to the sea controlled by another, unfriendly nation. Certainly, no American would be disposed to take advantage of Canada merely because of our strategic position preventing her access to the ocean. It is a situation where I feel we have a positive obligation to be sympathetic and generous to Canada's need. I am not sure just what kind of an arrangement Canadians might desire. It occurs to me, for example, that we might grant Canada one or more free ports at points along the Alaska coast. I can see no objection to such an arrangement. I do not believe we would consider permanently alienating any American territory to Canadian sovereignty. It is my feeling that both Alaska and the Canadian northwest offer a tremendous frontier for future development. Certainly the industrial development of Alaska should be a definite policy of our governments. I do not believe either Alaska or the Canadian northwest can be fully developed without the closest kind of co-operation between our two nations. I hope the appropriate officials of our government will give serious consideration to these problems so that we can proceed toward joint development of such projects with Canadians to the mutual benefit of both our countries.

It is on that theme and in that spirit that I ask the Minister of External Affairs (Mr. Pearson) now, without delay, to open negotiations with the United States government and with the government of British Columbia leading to a conference between their representatives and representatives of the Canadian government, and of the Yukon Territory and the territory of Alaska, to arrive at a permanent solution to this important and pressing international problem. And I believe it to be essential that the conference be composed of men familiar with the conditions in the area of the panhandle and the whole northwest.

There are several possible solutions and there are important individuals and organizations both in Canada and the United States

studying this situation and anxious to find a workable, feasible answer.

For example, United States Senator Richard L. Neuberger, in *New Liberty* magazine in May 1953, contributed an article on this problem entitled "Let's Swap!" His proposal was that Alaska cede to Canada the port of Skagway, Alaska, and a corridor extending for 21 miles along the White pass and Yukon railway to the boundary with Canada. In return, he suggested Alaska might receive a 119-mile strip bordering the Haines cut-off road through British Columbia and Yukon territory to give Americans access to the Alaska highway from Haines, Alaska, on tidewater.

Possibly a straight exchange of territories is the best answer. It presents some formidable difficulties, however. I lean towards the grant by the United States of strips of land cutting through the panhandle, along with free use of tidewater harbours.

I do not care for the term "corridor" used so much in discussions to date on this problem. The term has unfortunately acquired unhelpful European connotations. Ever since those tense days leading up to world war II the word has become associated in many minds with the idea of conflict and friction. If I may coin a word, I much prefer "accessways" as a description of the sort of 99-year lease or easement arrangement enabling Canadians to travel over portions of the panhandle to freely reach and freely use tidewater port facilities.

I have in mind at least four such accessways: First, traversing the 21 miles from Canadian territory along the White Pass and Yukon railway to Skagway, Alaska; second, from Canada along the Taku river to tidewater at or near the mouth of Taku river; third, from Canada along the Stikine river valley to the mouth of the Stikine river near Wrangell, Alaska; and, fourth, from Pleasant Camp along the Chilkat river valley to Haines, Alaska. None of these United States ports has flourished or prospered as it would do under the proposed plans. They would certainly develop greatly from the increased traffic they would handle from the opening up of the Yukon and northern portions of British Columbia.

I want to stress, Mr. Speaker, that this is not a question of asking favours; it is a matter of two friendly countries seeking a commonsense solution and a method of co-operating for their mutual advantage and benefit. Let us therefore stop fooling around with this problem and let us stop wasting precious time. Let us get an international committee set up composed of men who know the northwest and know how to get to work with a will.

There are many imposing difficulties, but the problem is not insuperable. It is of interest, for example, to find in the general agreement on tariffs and trade, to which both Canada and the United States are parties, that article 5 on "Freedom of Transit" reads:

> 1. Goods (including baggage) and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without trans-shipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this article 'traffic in transit'.
>
> 2. There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties. No destruction shall be made which is based on the flag of vessels, the place or origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

That gives some idea, Mr. Speaker, of what can be agreed upon as between nations. The difficulties, as I say, are there and cannot be ignored, but as the *Alaska Weekly* stated in an editorial dated December 4, 1953, if negotiations concerning this problem of accessways are approached in the right spirit, a middle ground certainly will be found upon which agreements can be reached. Too much is at stake for failure on this proposition.

It is very obvious that the situation will become more aggravated as the north country develops and becomes of greater importance. A permanent solution can be made by creating the accessways and it should be done without further delay or inaction on the part of both governments.

The economic strength of Canada and the United States, from which stem our living standards as well as our cultural and material progress, has been a bulwark of the free world. The long period of peace, friendship and happy relations between the two nations represents an achievement and an example to the world.

What has been accomplished fortifies our faith that in this problem I have described today, as in other difficult situations, we can together in the right spirit resolve our differences and difficulties, and march together with mutual benefit and advantage, into the promising future.

Mr. R. W. Mitchell (London): Mr. Speaker, in taking part in this debate I recognize and must state at the outset that the word debate is in itself a misnomer. The word

debate implies either a positive statement or a positive course of action which is the subject or which can be the subject of reasonable and logical discussion. The subject matter which is the subject of this debate is neither positive nor does it go anywhere. It is in fact negative; it is a nullity. I submit, Mr. Speaker, that the speech made by the minister and the papers tabled by him are nothing more than nothing and they have been so described from coast to coast. It is a stand-pat and a do-nothing budget which is an insult to the intelligence of the Canadian people.

I suggest, Mr. Speaker, that no person or group of persons can take any interest in this budget except by way of condemnation unless you perhaps include the tax experts, and I imagine that even they are having their troubles finding very much to chew about. It is, I submit, purely and simply an effort to build a surplus which will be offered back to the long-suffering public one year hence on a silver platter. At that time those who have been slighted this year will be asked to return this machine to power on the basis of its magnanimous and greatly increased tax concessions.

One needs only to read the headlines to realize the effect which this budget has had across the country, an effect which produces only one question and that is: "Well, how much is the surplus going to be next year?"

The minister estimated that he would have a surplus of approximately $100 million and I submit that he based his estimates on present price levels and on a gross national product of $28 billion. I suggest to him that if present trends continue the gross national product will be considerably more than that and the bonanza which this government will have in its hands to deliver to the Canadian public will be considerably greater than the $100 million to which the minister has referred.

As I view the budget, it is designed for the purpose of raising the money that is reasonably necessary to conduct the business of government in an efficient and economical manner. A budget should take a broad view of the whole economy and it should take notice of change in times and conditions. It should be designed not only to permit but also to encourage the development of our natural resources and our industries wherever they may be found. I suggest that this budget cannot be so described by any standard or yardstick. It is purely and simply a ruminative statement which has become so typical of this government, which is content to go along with the stream and, like a docile child, to reach out and hang on to the coat tails of that beneficent gentleman known as Uncle Sam.

The minister referred somewhat piously to certain weak spots in our economy. At page 2325 of *Hansard* he is reported as having said, and I quote:

> Nevertheless, some sectors of industry and agriculture have not fully shared in this rate of progress.

The minister leaves it there and goes on to a platitudinous discussion of dominion-provincial relations. He does not attempt to deal with, to recognize or to accept any responsibility for the fact that there are weak sectors in our economy. He paid tribute to those who sit on the treasury benches with him. He listened to the plaudits of those who sit around him and keep their toes on the line. He offered nothing in the way of guidance, hope or assistance to the Canadian people. I submit, Mr. Speaker, that there has never been such a sham. Never has a budget been so obviously—and I am tempted to say, as the minister interjected during the course of the debate—never has it been "so well used", for purely political purposes.

Much has been said in this house, from all corners of the house, and much has been said and written across this country in recent years on the subject of United States-Canadian relations. Public opinion is growing, public opinion is beginning to become conscious, more conscious than ever before, of our birthright. There is a considerably increased demand on the part of Canadians everywhere that we in Canada take a greater responsibility and retain a greater share of control over the development and expansion of our Canadian economy.

There can be no question that capital investment from abroad, particularly from the United States, has contributed greatly to our growth and development in past years. I think in fact that is welcomed by all in every corner of this house. But that is no phenomenon, that is not unusual, that is typical of all young countries struggling to maturity. It was particularly true of the United States itself. It is not so very long ago that the economy of the United States was in fact controlled by the United Kingdom. For a variety of reasons, some of which might be said to be the natural growth and development of the country itself, the natural desire of its people to be masters in their own house and the financial effects on the United Kingdom of two great wars; for these reasons and others, the influence which was formerly so strong has now to all intents and purposes disappeared.

The same process must take place in Canada and I suggest that that process will take place in two ways. First there will result a change of thinking on the part of citizens of the United States. That change of thinking was very ably and capably stated by the president of the University of Western Ontario, Dr. Hall, at the Boston conference on distribution which met last fall. In order to indicate it I shall quote two short paragraphs from that speech which he entitled "Taking Canada for Granted" and which are as follows:

> The real problem, which can be hidden so readily behind the issue of United States capital investment in Canada, is to me not a problem necessarily of dollars and cents. It is a problem of human relations, a problem of respect for others, a problem of philosophy, a problem of understanding and mutual participation. The solution of this problem should not lie in controlling legislation aimed against foreign corporations operating in Canada. It should, I believe, be solved through a major change in the philosophy of "parent corporations" doing business in foreign countries. And specifically in Canada, foreign-owned or foreign-controlled subsidiaries or companies should be listed as Canadian companies, making at least the same type of financial disclosures as do truly Canadian companies, making available to Canadian investors stock in the Canadian subsidiary which reflects only the Canadian operation and making it possible, on the basis of capacity and ability, for top management positions to be filled by Canadians—who know Canada, who love Canada, and whose inherent loyalties are to Canada.
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> There is no question about the sympathy, understanding, and respect between those from Canada and those from the United States. We are all friends. We believe in the same things. We fight for the same causes. Why then cannot more of the foreign corporations doing business in Canada, making good profits on their Canadian investments, using Canadian materials and labour, selling goods to the Canadian consumer, recognize that the Canadian people not only desire to be, but are becoming determined to be active partners in Canadian enterprises?

With that statement I am in complete agreement. I suggest also that the title of that speech "Taking Canada for Granted" could be well applied to this government. Never have the people of Canada been so taken for granted.

What is the second influence to which I refer? It is an influence which in fact arises out of the remarks made by Dr. Hall. It is an influence which is on the conscience of each and every one of us. We read headlines in the papers such as "How Should we Work for Prosperity, by Selling off Assets to Foreign Investors" or "Dependence on U.S. Goes on Growing". Those are not isolated headlines, they are on the lips of Canadians from one coast to the other. Surely it lies within the realm of this government, and I would hope it would be by way of friendly conference rather than unilateral action, to make sure or at least to take steps to retain control and obtain control to a greater extent of our own economy than is presently the case.

I need only refer to a summary of Canada's foreign investment position which appeared in the dominion bureau of statistics daily bulletin for Friday, April 6, the fourth paragraph of which reads as follows:

> The importance of foreign capital to Canadian development has been an outstanding characteristic of Canadian economic history. In turn Canadian development has been a leading influence on the form and course which non-resident investments have taken. The report shows that much of this growth has recently been occurring in investments in Canadian equities which in many cases are accompanied by control. There has been a particularly notable rise in foreign-controlled concerns during the recent period of accelerated development in Canada.

I do not propose to refer to the pipe line except to suggest that that is a typical case, not only of selling out to foreign investors but of actually subsidizing foreign investments in order to enable them to develop and deliver one of our major national resources.

This government has to some extent recognized the problem to which I refer. At page 2332 of *Hansard* the minister dealt with the problem of Canadian subsidiaries of foreign companies. As is well known, United States firms pay a withholding tax of 15 per cent on dividends unless they are more than 95 per cent owned by the United States parent companies. If there is a minority interest of 5 per cent or less the withholding tax is only 5 per cent. In the case of other countries such as Sweden, Denmark and Eire, to which the minister referred, the preferred rate of 5 per cent on dividends applies if there is more than 50 per cent ownership in the Canadian company. There are other anomalies of a similar nature which were referred to yesterday. One case is the presentation by J. Grant Glassco to the Gordon commission in which he pointed out, and I quote:

> There is a marked increase in foreign firms operating here without incorporating Canadian subsidiaries.

In some of these cases they are in fact carrying on their entire business in Canada. The profits so earned by this portion of corporations are dealt with in exactly the same way as Canadian corporations, and there is no withholding tax on the export of the dividends received.

Another problem that has been brought to light recently has to do with restrictions placed by United States corporations on exports by their Canadian subsidiaries. That problem was pointed up in the fall edition of the *Business Quarterly*, published by the University of Western Ontario school of business administration, in an article written by Mr. Eric Curwain. He said:

> One of the most harmful restrictions imposed by U.S. parent companies is that of limiting the

exports of their Canadian subsidiaries to commonwealth countries, and this is now a common practice. When this measure was first put into effect there was in some cases very little disadvantage to the Canadian branch. Now, however, with dollar restrictions imposed on commonwealth buyers, and with the dividing of the world into hard and soft currency blocks, this limitation on Canadian exporters is a big blow to our economy. In making a survey of export potential, the most frequent and disheartening phase heard is: "We export to the commonwealth only—the rest of the world is looked after by our U S. factory." This reply comes from firms engaged in all types of manufacture. It reminds one of the couplet that was alleged to have been sung by humble villagers in England:

God bless the Squire and his relations
And keep us in our proper stations.

That couplet, I might say, seems to be fairly typical of the attitude which this government has taken towards the United States. These incidents are only some of the reasons for our problem. We are, in fact, encouraging minority participation in Canadian subsidiaries of United States firms. We should be going all out to invite those firms to come in on a proper withholding tax basis and thereby not only to permit them to accept Canadian investment but to invite their acceptance of Canadian investment.

All of us here in this house and elsewhere believe that Canada is on the threshold of one of the greatest developments of any country in modern times. However, it is most necessary that we remind ourselves that we are the trustees of it, and it behooves us not to permit this country to become a vassal state of any foreign power, no matter how friendly that power may be.

I submit that, with the increased understanding to which Dr. Hall referred, and of which I am certain there is going to be more, and with legislation to encourage rather than discourage Canadian investment, United States domination will wane. In the result, I suggest that a solution can be reached which will be mutually satisfactory not only to us Canadians, who wish to be the masters in our house, but also to the United States investors of the past and the present, whose assistance we have greatly appreciated and will continue to appreciate.

I now turn to what I would describe as the second crime of omission. It is a crime of omission which this self-satisfied and reluctant dragon has perpetrated in that apparently it considers its only duty to the Canadian people is to follow the lead of someone else or some other government. It does not encourage or offer the facilities for initiative and foresight which from our very inception have been the trademark of Canadianism.

I refer once again to the lack of interest displayed by the minister in the weak spots of our economy, both industry-wise and area-wise. He said that they have not fully shared in the rate of progress. A chain is only as strong as its weakest link. That there are weak links in our economy is indisputable. That nothing has been done about it, that they have not been forcefully dealt with, is undeniable. Apparently the government in its wisdom felt that the wheat farmer represented one of the weak links in our economy. Whilst I do not and cannot agree with the action that it took, I must at least admit that it did take some action. But now once again, having roused itself for one blustering moment, it has relapsed into its usual lethargic state and apparently is ignoring all the other problems with which this country is faced. I can only remind the minister of the warning contained in the brief filed with him on January 31 by the Canadian Chamber of Commerce, wherein it is stated:

We are beginning the second decade of the post-war period and it is probable that conditions will differ considerably from what we have come to expect in the past ten years. That the atmosphere will be more competitive can probably be taken for granted. That the rate of technological progress will be even more rapid appears very likely. That there will be less inflation than in the past decade seems likely also, though we are starting off with a reminder that the forces of inflation can with some encouragement become quite active.

If the atmosphere is less inflationary and more competitive, our economy will be less able to shoulder the burden of high taxes. In an atmosphere of rising prices and rapid expansion, levels of taxation which would before the war have been regarded as impossibly high have appeared to have few serious consequences. Yet in a less expansive environment the consequences might well become serious. A young country dependent on enterprise and capital investment for its development can ill afford the kind of deadening of initiative and lack of adaptability which has been associated with unduly high taxation in other times and places. And this conclusion applies with special force in an environment of rapid technological progress where keeping up in the competitive race requires heavy capital investment and the willingness and ability to accept substantial risks.

Yet what has been done? Absolutely nothing. In a previous session of this parliament I referred to the problems which were confronting the textile industry and I suggested that perhaps there should be some changes in the stamping regulations and that they should be more effectively and efficiently enforced. With respect to the same industry, I referred also to certain inequities which had resulted from changing times, higher prices and higher costs. I do not attempt to take any credit for the fact that the government has taken some steps with respect to the stamping regulations which have in part met the problem. It has also resulted in an increased consciousness on the part of the Canadian people that it is good business to buy Canadian.

There are steps that can be taken to assist areas and industries that are in trouble, steps which may involve that hated word "protection". Many briefs have been submitted, many articles have been written and many words have been spoken on this subject. Some recommend that major changes in policy are required; others suggest purely administrative changes to meet the problem. All confirm that we have not been keeping our policy up with the times.

In the present budget speech the minister, as usual, has made a typically timid approach to the problem. To say that we should reconsider tariff policies and tariff structures is not to say that we should immediately build cement walls around the boundaries of this country. Tariffs are living things. Tariffs require change with the times. To say that we should reconsider our tariffs is purely and simply to say that we should view the situation realistically, that we should view it on a broad consistent basis and not on the hit and miss basis with which the government has attempted to deal with the problem.

In referring, Mr. Speaker, to this sinful word, "tariff", I simply wish to put it that this word has been with us for many years, and I suggest that if we look around at some other countries with whom we deal we are going to realize here and now that this selfsame word is going to be with us for many years to come. One of the most horrible examples of the improper use of protection has to do with the 20 per cent tax on advertizing in Canadian issues of United States magazines. I do not intend to refer to that matter in any detail except to say that it is not only discriminatory in its worst sense but it will not accomplish the purpose which the minister predicted it would.

If we have a greater need for protection for our reading public, surely to goodness what we need to do is clear away some of the trash from our newstands which all of us see there in such a flood. Whether or not we like protection, whether or not we agree that all tariffs should be removed, we must not discriminate and we must accept the fact that the nations with whom we are trading have tariffs. We have been recognized as having one of the freest markets in the world and as a result we are getting the worst of the bargain. We are not selling abroad and we are permitting exporters from low cost countries and from some high cost countries to flood our market and disrupt areas and industries which are our first concern. It is high time that we took some positive, concerted action to retain a larger percentage of the Canadian market for Canadian products. As I said previously, Mr. Speaker, and now reiterate for purposes of emphasis, we have been going at this for too long on a hit and miss basis. Let us get back to the basic concept that our first duty, sitting here as members in this house, is not to the foreign exporter but to the Canadian producer and the Canadian worker.

To turn to another subject briefly, the minister has now had some experience of the result of minor tax concessions. He made certain predictions last year as to the amount of the gross national product. He based his predictions after having taken into account the minor tax concessions to which I have referred, and he missed the mark because, as he himself pointed out, the gross national product was greater than he had bargained for. I am surprised that he did not learn his lesson. If we Canadians desire, and I am satisfied that we do, to take our full share in the development of this country we have got to make money available for expansion and development, and there are only two ways in which that can be done. One is a reduction of taxes and the other is to exert greater economies in the business of government.

I wish to refer to another short paragraph in the same brief. They point out that if our business is to expand we must get away from the high cost economy which we have had, and must put more money back into the hands of the taxpayers. I believe, Mr. Speaker, that with a reduction in taxes this year rather than next year, which will perhaps be more politically expedient, the same results could be obtained by the minister as he purports to obtain in this present session. There are several places in which taxes could be reduced. I do not presume to tell the minister in what way it should be done. One would be a reduction in corporation taxes which would place in the hands of corporations money with which to expand. Another would be to reduce income taxes which would place in the hands of the people the ability to increase our expansion and development. Perhaps the fairest way would be to reduce the sales tax which would have approximately the same result. Any one of these ways would help the weak spots in our economy.

Finally, I simply wish to point out what is the biggest problem of the Canadian people at the moment, one which we have not been able to solve for some time. The biggest problem is to get the government to tackle the problem realistically rather than to keep nibbling at it like a rabbit.

Mr. A. R. Lusby (Cumberland): Mr. Speaker, as I listened to the strictures passed upon the present budget by the last speaker, in which, of course, he was simply ringing variations on the criticisms put forward by various other opposition speakers who have taken part in the debate, it occurred to me that it was just about a year ago that the Minister of Finance (Mr. Harris), who was then practically a newcomer to the responsible and onerous position he holds, brought down his first budget in the house. In listening to many of these criticisms it seems to me that, making allowances of course for the inevitable great differences in detail, there is a general undercurrent of similarity between all the criticisms being offered this year and those put forward last year.

Mr. Fulton: It is still the same poor government.

Mr. Lusby: It has been said this year that the budget did not do enough, that the minister did not use the budget effectively as an instrument for the benefit of the Canadian economy and that it was not adapted to the times. Those were the criticisms of a year ago. I submit, Mr. Speaker, that at the present time very few people believe that last year's budget was not ideally suited to the conditions which it had to meet. It is surprising how quickly those criticisms evaporated last year, and I am going to predict that the criticisms of the present budget being put forward this year—

Mr. Cardiff: Will be overcome next year.

Mr. Lusby: —will evaporate just as quickly as did those of last year. Today, with the budgetary emphasis shifted from the need to stimulate to the need to stabilize, I think we will find that the present budget is going to do exactly what it was intended to do, that it is going to give that steadying touch which is required to enable our economy to roll forward at a satisfactory speed without acquiring the headlong and what would ultimately be the disastrous momentum of uncontrolled inflation.

Most of the speakers in this debate have quoted at length from various publications in support of opinions. I do not intend to quote anything at length, but I did find what I consider fairly expert confirmation of my opinions about the budget in the columns of the *Financial Times*. That is a paper which, as far as my observation runs, is not unduly addicted to praise of any kind of this government. The other day some speaker referred, I believe, to an article which had appeared in the same paper concerning the budget. I think it was by Tempus. This is another writer with whom I am concerned and I am just going to quote what his headline says: "The Budget Stands Pat as it Should at the Present Time". That article did not share the view that seems to be so widely held by members of the opposition that a budget is necessarily unsound because it does not bring about any marked change in the tax structure. There is in that article another thing that I might mention and that is that it stated that the present government party in Canada has been lucky in its finance ministers for many years now. I think that there, Mr. Speaker, we have a recognition of the level-headed and sensible manner in which the present minister, like his immediate predecessors, approached the annual problem of the budget. In his hands it is a financial instrument which I think is being wielded with skill for the protection of our national economy. On that instrument, it is true, he could have played a more popular tune. Tax reductions are always sweet music.

An hon. Member: They will be made next year.

Mr. Lusby: Some critics to my left, oddly enough, seem to construe out of the fact that there are no tax reductions this year, some sinister political motive. I should like to ask those gentlemen, Mr. Speaker, this question. If there had been sweeping tax reductions, would they have said there was no political motive in this action? I think not. It seems to me that if the minister had wished to play politics in this matter, he would have brought down tax reductions. It is all very well to say "Save them for next year". He could give some now and some next year if he wished to do so.

An hon. Member: He did wish to.

Mr. Lusby: I think the minister would have been delighted, both personally and politically, to have brought down some tax reductions this year if the situation had warranted it. Certainly there is no easier path to popularity. But between the dual necessities of stabilizing the economy and providing the necessary revenues, the situation did not warrant it. That, apart from all else, is demonstrated by the vast defence expenditures which we must continue to incur during 1956. At times during the past year it has seemed that perhaps the longed-for improvement in relations between the communist and non-communist world was approaching with its attendant prospect of a stable peace. But with the failure of the Geneva conference; the vicious and historically false verbal attack by Khrushchev on Britain and the United States during his tour of India, Pakistan and Burma; and the only too evident intention of the

U.S.S.R. to foment trouble in the Middle East and in Africa—in the face of such things as those—we have had to lay aside for the time being at least any hope that a stable peace is near.

Such doves of peace as are from time to time sent out from the somewhat leaky, though still seaworthy, ark of the United Nations can as yet find no secure resting place for the soles of their feet. While that ark floats we need not despair but, Mr. Speaker, at the present time there is no room for any substantial curtailment in our defence effort.

Some see brighter prospects for peace in the recent apparent repudiation in the U.S.S.R. of one-man dictatorship as exemplified by the late and now universally unlamented Joseph Stalin, the apparent discrediting of one-man dictatorship in favour of rule by a group, even such a group as now appears to be in control in the Kremlin. I do not share any optimism in that regard. For the time being, it is true, junta rule seems to be the order of things in the U.S.S.R., and I think perhaps it is true to say that generally group or collective leadership may be expected to show at least some elements of moderation and caution. Perhaps this has had a considerable bearing upon the adoption of the present Kremlin policy of continuing the world struggle without manifest aggression.

But it seems to me that rule by a group, large or small, is not a natural, and is unlikely to be an enduring, attribute of any totalitarian state. Sooner or later the strong man, the authentic dictator—"tyrant" is a more forthright word—emerges, in whom, as supreme head, all real power is concentrated. The rule of several is replaced by the rule of one. Collective leadership resolves itself into the collecting by the strong man of the scalps of the other leaders. This is, I suggest, a general lesson of history in respect of junta rule, from Julius Caesar to Napoleon and even later. It is my growing belief that in Nikita Khrushchev, first secretary of the communist party, we have the future tyrant of Russia, absolute and merciless, the very avatar of that Joseph Stalin whom he now so bitterly denounces. If any one man is to emerge supreme from that group of Russian leaders—and one inevitably will—surely it is Khrushchev, the strongest and most malignant of them all.

How far the process of Khrushchev's aggrandizement has already gone it may be difficult to gauge, but certainly he is far on the climb to the summit. Although he has not yet thrown off the constitutional cloak—perhaps he may never need to do so—it is significant that the congress of the communist party in Moscow, in addition to re-electing Khrushchev as first secretary, recently added 53 new members, all known supporters of his, to the central committee which in turn re-elected, without change, the Praesidium, the supreme ruling group of eleven, including Khrushchev. The latter's elevation to the leadership of the committee which controls the Russian federation, most important of the republics of the Soviet union, is yet another indication that he is augmenting and consolidating his power.

When the process is complete, the group replaced by one man, and he such as I conceive Khrushchev to be, with absolute mastery of a mighty state, moderation and caution are likely to be set aside in favour of a policy of active armed aggression. This, too, is a lesson of history; sooner or later the tyrant, to bolster his own position, embarks or is driven to embark upon a career of foreign conquest by force of arms, even as Hitler did.

I do not suggest that today's strong man would court such a war as would call down a mutual rain of hydrogen bombs with its likelihood of utter destruction for either side. But I do suggest that his probable choice would be an unending series of localized conflicts, similar to that which we faced in Korea. Certainly we know to our sorrow that the opportunities to precipitate such conflicts in the world today are extremely numerous; and such a policy carries but little danger that the west would resort to the H-bomb so long as it appeared that our opponents did not intend to do so.

Therefore, Mr. Speaker, in the ominous shadow of the rising Khrushchev, we must maintain our conventional arms at a high level, whatever the budgetary or other burden entailed may be. It is true that the hydrogen bomb must continue to be our ultimate defence. But it is not a weapon adapted to meet all situations any more than dynamite is suitable to destroy rats in a cellar.

If we wished to use a slogan by which our national defence policy and our international policy should be guided at the present time, I think we could put it in three words: Khrushchev means mischief.

To the burden of arms must be added, as an essential means of combating the spread of communism, the extension of assistance to raise the standards of living, health and education in the impoverished countries of the world. Here the United Nations, through its many programs directed towards that end, renders inestimable service. But at this time I should like to emphasize rather the value of the Colombo plan as representing one of the finest opportunities we have to block the

growth of communist influence in fellow countries of the commonwealth. This government is greatly to be commended for its decision to increase Canadian participation in the Colombo plan. That is a decision which I strongly endorse.

I know that some Canadians, even many who fully approve our armament program, find it difficult to understand why we should spend large sums abroad for the economic benefit of other countries. I am glad to note, however, that there seems to be a steadily growing public appreciation of the value of such expenditures, both as a humanitarian measure and as a component of our national security. Both in conversations and in correspondence I have in recent months received from responsible and well-informed Canadian citizens—at least I consider them so—more and more expressions of approval of the Colombo plan and of our increasing participation in it. I am glad, Mr. Speaker, to bring this to the attention of the house at this time.

In touching upon matters of external and international import, Mr. Speaker, I do not forget that in any balanced program of government, internal and domestic affairs must bulk large. As the Minister of Finance (Mr. Harris) stated in his budget address, the past year has been for Canada one of marked economic progress and expansion. But all sections of our economy have not shared equally in the advance, and this government can play no more important part than to endeavour within its own sphere, and with the means at its command, to redress any inequities thereby resulting.

I have often urged, in this house and elsewhere, the need to rectify the regional inequalities which exist in our economy, particularly with respect to the maritime provinces. But there are occupational as well as regional inequalities, and it sometimes happens that the two coincide, with a resulting double effect.

At this session of the house no subject, I think, has received more attention than the state of our agricultural industry. Fundamental though its prosperity is to the economic well-being of this country, it has fallen behind as compared with some other industries. If our present era of progress and expansion is to continue on a permanent basis, the farmer must be ensured his fair share of the national income. It happens that the province of Nova Scotia, with which I of course am more particularly concerned, was one of three in which farm income showed an increase during the past year; but nonetheless it is clear, even to those of us who cannot and do not pose as agricultural experts, that the farmer today, in Nova Scotia as elsewhere in Canada and, indeed, in most countries of the western world, has among his problems two which are fundamental. The problem is not peculiar to us. First, he must find sufficient markets for his products. Second, the prices he receives for those products must bear a reasonably favourable ratio to his cost of producing them. In short, prosperity for the farming industry, as in every other, is dependent upon being able to sell and to sell at a profit. That, you say, is obvious, and it is; and yet the solution for the farmer is not at all obvious under present conditions. But unless a solution is found the agricultural industry will not hold a position of reasonable prosperity in our economic structure. If it fails to do so we might liken the result to the crumbling of a foundation stone which will ultimately bring down the whole structure.

There has been no paucity of suggested remedies, Mr. Speaker, for the problem of farm markets and that of the unfavourable price-cost relationship in agriculture, and I certainly do not consider myself competent to advance any complicated remedies of my own. I rather wish just to bring the situation once more to the attention of the house. There is, however, one detail which may be comparatively minor, but which I think is not entirely unimportant, and which I should like to mention at this time. In my opinion, insufficient attention is being paid to the very definite shift in consumer preference in the matter of foodstuffs which is noticeably taking place.

Earlier in this session I heard the hon. member for Swift Current-Maple Creek (Mr. Studer) fulminating against what he described as "rabbit food". Whatever the merit of his criticism may have been, I think it is true that a trend away from certain of our more substantial staple foods toward lighter foods has definitely set in, which neither this house nor any member of it can halt. As the machine increasingly supplants human muscle for the performance of heavy work, we might expect this trend to accelerate. And it seems to me that much more attention and research might profitably be paid to efforts to chart the probable course of this trend so as to forecast as accurately as can be done for the farmer the type of foodstuffs for which he may best hope to find an expanding market in the future.

There are, of course, many staple foods which show no decline in popularity. There is, for example, every indication that beef will continue in high favour with the eating public. I doubt whether many of us can find in

our appetites that there has yet been discovered any satisfactory substitute for a roast of beef or a good steak. I think there is no more promising avenue for agricultural progress in my province of Nova Scotia than the raising of beef cattle.

It is the view which has been expressed by officials of our provincial department of agriculture. They say that success of agriculture in Nova Scotia in the coming years will depend to a considerable degree upon the development of the livestock industry. And when we reflect that Nova Scotia imports something like $18 million worth of meat annually, it is evident that room exists for a marked expansion of beef-raising in the province as well as the production of other meats.

As the great marshlands reclamation project proceeds, thousands of fertile acres have become available for use, and they can be put to no better use, in my opinion, than the raising of beef. There is no doubt that they can sustain a large population of cattle. Many years ago beef-raising on the marshes was a profitable and important pursuit and today in various areas considerable progress has already been made again in this direction. There are certain problems which remain to be fully solved; one notable one is that of caring for the maximum number of cattle with a reasonable minimum of labour.

The dominion experimental farm at Nappan, on the fringe of the marshlands in my constituency, has devoted a great deal of attention to the solving of these problems, and has achieved, I would say, a very considerable degree of success. I should like to suggest, Mr. Speaker, that such research and experimentation in this regard should be pursued with the utmost vigour. The promotion of a beef-raising industry on the marshlands ought to be considered a natural and integrated extension of the vast marshlands project itself, in which this government has played so leading a part. In this connection, Mr. Speaker, it is my view that a great deal more could be done to educate those farmers who own marshlands and who might, with the proper guidance, develop a very large beef-raising industry on those marshlands.

With regard to the disparity between farm prices and cost of production—I am leaving aside the question of any direct governmental intervention in the matter of prices—it is evident that any advance in the efficiency of farm operation which lowers the cost of production without increasing the amount of such production would tend to ease the problem. In this connection, it is my view, Mr. Speaker, that in many parts of the country there is much marginal and submarginal land now unprofitably devoted to agricultural purposes which might better be turned to other uses, thereby increasing farming efficiency generally and lowering costs of production. I have in mind not so much poor or worn-out lands which might be built up for better agricultural use in the future. That is what I think the United States soil bank plan primarily envisages. But I have in mind rather lands which by their nature will never be well suited to efficient agricultural operations in a fiercely competitive era such as this one undoubtedly is.

In my province, the alternative to using such lands for agriculture, generally speaking, would be to let them revert to the growing of timber, which has a relatively rapid growth in the maritime provinces. It seems to me, Mr. Speaker, that it would be worth while to consider the feasibility of some joint provincial-federal plan of action whereby provision might be made to encourage the extensive diversion of such lands as I mention to reforestation. Although timber resources and reforestation projects are primarily matters of provincial concern, I do not think anyone would deny that today the state of our agricultural industry is a matter of national concern. A plan of action such as I have suggested for consideration would serve a dual purpose, not only promoting the efficiency of agricultural production generally but also, in the long view, adding to those forest reserves which are going to be of steadily increasing value and importance in our future economic life.

This government has already done much, of course, to better the position of our agricultural industry. I welcome those tariff and other changes effected by the present budget which have as their aim the improvement of the farmer's position. The assistance of the movement of feed grains from west to east has been of incalculable benefit to eastern farmers and I urge that this be raised to the level of a fixed national policy.

The price support program for butter has similarly benefited the dairy industry, and in my opinion the recent decision to extend the program for two years is a wise and sound one. None the less, it seems to me that price support for any particular commodity is a temporary rather than a permanent solution. In the United States a general policy of agricultural price support, by leading to the accumulation of enormous surpluses, threatens in the end to injure rather than aid the farming industry.

A long term solution for the agricultural problems of Canada, as I said earlier, depends upon encouraging the utmost efficiency of farm production without at the same time

increasing that production beyond the bounds of available markets. The problem is complicated by the need to preserve the independence and individuality of the small farmer. Here a greater degree of co-operative action among the small farmers themselves might well be encouraged; but whatever the best solution may prove to be, the problem of maintaining a reasonable degree of agricultural prosperity calls for the best efforts of all governments in this country.

A rapid increase in our national population, by promoting larger domestic consumption of foodstuffs, would go far toward solving the marketing problems which the Canadian farmer faces. Such an increase in population, of course, is closely linked to the continuance of the general economic expansion in this country which the policies of this government have done so much to foster.

The official opposition has of late been decrying the influx of United States capital into this country. The previous speaker devoted some time to this subject. In some respects I was able to agree with him but not in all respects. Vast capital expenditures are necessary to maintain the rapid pace of our Canadian development and it is obvious that only a part of the funds required can be supplied from Canadian sources. As an ideal, I grant that Canadian development through Canadian investment only has much to commend it, but I certainly do not think we should allow the economic development of this country to lag for a generation or two awaiting a sufficiency of Canadian capital for that development. I think that mine is the view of the Canadian people as a whole.

Looking to the future, I do not fear undue United States dominance of our economic life and resources. As the previous speaker mentioned, we are passing through a phase which I think is experienced by every young richly dowered, expanding, and relatively undeveloped country, when an influx of outside capital is essential for the full realization of its economic potentialities. At one time the United States itself was largely dependent upon English capital to speed its development, and no doubt many shortsighted fears were expressed concerning the dangers of British economic dominance.

I have no doubt that, as our population and national wealth increase we shall emerge from that stage even as the United States did. I do not think the solution is to endeavour to put impediments in the way of United States investments in this country. We should always remember that largely because of its stable government Canada is perhaps the most promising field for foreign investment in the world today. But it is not the only field. I would ask hon. members of the opposition to consider the possibilities of South America, which is also a young, richly dowered, expanding and relatively undeveloped continent. It is quite reasonable to suppose that if it achieved stable government it would be very easy for the stream of United States investment to be turned from the north to the south and in time it would detract from the stream of United States investment in this country. To hamper United States investment in Canada and to make United States investors second-class investors might easily lead to the drying up of the stream of United States investment to Canada, and I think that would put Canada at a great disadvantage.

An hon. Member: They have already tried it.

Mr. Lusby: In the meantime I think we should let United States capital come in because, as I said, I have no fears concerning the future of this country. As our wealth increases I am convinced that we will eventually assume the proper control, the overwhelming control, of all our economic life. I do not think that to attempt to hamper United States investment at this time is a remedy. I believe that foreign investments generally, from the United States and elsewhere, will lead to the speedy achievement of the full national and economic stature which is our destiny. Mr. Speaker, let us achieve it in our time.

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, I would like for a brief while to discuss one aspect of the budget that has been touched upon only lightly but which to me is of extreme importance. Like many other hon. members, I was very disappointed to find that the budget provided no relief for the municipalities. This disappointment was also expressed by people I met during my recent visit to British Columbia. During the time I am on my feet I hope to try and pass on to the government the thoughts that were expressed to me concerning this dissatisfaction.

To my personal knowledge the municipalities have been trying hard to penetrate the iron curtain surrounding this government as they have tried to do for many years through their reeves, mayors, organizations, delegations and resolutions. They have tried in every way to approach the government as an equal governing body, but so far, despite the fact that they attended one of the dominion-provincial conventions, they were brushed aside and are still not recognized. I therefore feel that someone should speak on their behalf at this time.

The municipalities are faced with mounting costs. Wages and materials have gone up.

The municipalities have undertaken to take care of 50 per cent of the expenses in connection with civil defence. They also still bear an unfair share of the cost of unemployment which I think should be taken completely out of their hands. They continue to bear an unfair share of the social services, particularly in the rural areas of British Columbia.

On the other side of the picture their limited field of revenue has not been enlarged for generations; it still remains basically the same. Both federal and provincial governments receive the bulk of their income from municipal dwellers. These governments get several times more than the municipalities in the form of revenue. In my estimation income from these sources has increased during the last ten years by several hundred per cent, while the municipalities have been barely able to catch up with the increased costs of their operations. They must derive their income from what is left after the two senior governments are finished.

It has been pointed out to me that there is a limit to this, and many municipalities feel they have reached that limit. I know some are now in the position where they can no longer borrow legally; and therefore they must curtail many of the services that are essential for their welfare and development. The municipalities are faced with two alternatives because of the failure of the federal government to assist them. First, they can increase taxation and assessment within the municipal boundaries, but in many cases this would be unthinkable because taxation is so high at the present time. I do not think any taxpayer would stand for an increase. The other alternative is to reduce many of the services now rendered, but again the taxpayer would not agree.

We in British Columbia are proud of our municipalities, of what they have done, of how they have developed; we are proud of what they have done with regard to the building of new schools, roads, sidewalks; the development of parks, lighting and water systems; the providing of sewerage and social services; the building of hospitals and the way in which they have taken care of unemployment and civil defence. But all this has placed an extra burden upon these municipalities, because in recent years there has not been an increase in the boundary of any British Columbia municipality. Adjoining areas have grown up but they are afraid to come into the municipality because of the tremendously higher costs that would be involved, caused by the burdens I have referred to. So they remain outside of the municipal boundary as long as they can, which is not good for the district or the people because it means essential services necessary for a healthy condition of life are not being provided.

Total municipal debt and the interest thereon has increased. Generally speaking the municipalities of British Columbia have been well governed and their resources and finances have been well administered. But in spite of this the over-all debt has been increasing and as a result essential improvements are being delayed, or as I have been told abandoned in some cases. Most of the municipalities in my riding have written urging federal assistance or the acceptance by the federal government of the municipality as an independent taxing body which would not be subject to taxation by a senior body, whether provincial or federal. Of course in this case it is the federal government.

I shall try to outline briefly how the federal government could help the municipalities by recognizing their obligations, inasmuch as the bulk of their revenue comes from that source. They cannot entirely shake off their responsibilities. They could help by becoming responsible property owners. They are now property owners in the municipality, but they are irresponsible property owners because they pay no taxes. Usually the post office or public building is located on the best site in town, and these federal government buildings are provided with fire and police protection, road and sewage services and everything else. They do not even say, "Thank you" by dropping the municipality a line in appreciation of the services they have obtained for nothing during the year.

It is time that they not only thanked the municipalities but assumed their rightful place as taxpayers within the municipality. Certainly the post office makes money out of its operations. I know that most municipalities appreciate what the government has done with regard to the taxation on public buildings, but even the new formula under which we are now operating does not seem to assist a great deal. In answer to a question I asked last month I was informed by the Minister of Finance that the total number of municipalities which have applied for assistance under this formula totalled only 11 per cent. Those municipalities think they have a chance of getting it and presumably most of them will get it, but 89 per cent of the municipalities in this dominion feel they have no claim on the government under the strict formula which has been worked out. It is on behalf of those municipalities which constitute 89 per cent of the total who cannot qualify that I urge the minister to reconsider the present position and have the government become a taxpayer in the true sense of the word in connection with all federally owned property

within municipal boundaries. It would not hurt the government and it would certainly create a nice taste in the mouths of municipal councils across Canada, who I think have good grounds for complaint.

Even with this formula, if the government had kept pace with the growth of our municipalities by building, more municipalities could have qualified; but they have not provided adequate buildings to house the various departments. Instead we find them scattered all over town, located in old stores or upstairs in buildings. In the Okanagan valley we find these departments located mostly in converted stores. It is time the government erected adequate buildings. I know in the case of Vernon one has been promised for many years, but it is still in the promise stage. In the case of Penticton we have been promised that the public building will be finished by 1960, but as yet the land has not been purchased. The building at Kelowna is still under consideration. These three towns happen to be in the district where I live, and I know their needs and circumstances.

There should be public buildings to take care of the various federal government departments. The fact that the municipalities cannot qualify under the formula shows that the public building is valued at a low figure. Otherwise it would not be hard to come within the formula of 2 per cent of the assessment of the municipality. In one case the present building is quite old and I understand it is about to be scrapped.

I urge the minister to abolish the present formula and pay a tax on all government property within municipal limits just as other taxpayers do.

My next suggestion is that the federal sales tax be removed from all municipal purchases, as is done in the case of hospitals. I know that the tax has been removed in the case of some large purchases by municipalities in Canada. In my opinion a sales tax on municipal purchases is unwarranted and unjust. It simply imposes another burden on the already heavily burdened municipal taxpayer. It is imposed in a rather bullying sort of way, in that the one tax-receiving body imposes it on the other tax-receiving body because it is bigger and in a better position to impose its authority.

Two municipalities in my riding, West Summerland and Penticton, operate irrigation systems. Some time ago these municipalities had occasion to buy pipe and other equipment for irrigation works within their municipal limits. On their behalf I applied to the government for a rebate of the sales tax paid on these purchases, but I was flatly turned down on the ground that such purchases did not come within the provisions of the present act. I feel that when a municipality is prepared to help out its own citizens and its own farmers by providing an irrigation system it should receive a rebate of the sales tax. On behalf of these municipalities I would ask that when the government finally arrives at the point where they will allow a rebate of sales tax to municipalities, they consider including in such rebate provisions, purchases in connection with irrigation projects operated by municipalities.

About a year ago the Minister of Finance intimated that consideration would be given to the reopening of the Municipal Improvements Assistance Act if a desire for that action were expressed by the provincial governments during the federal-provincial convention. That desire was expressed. I understand the premier of British Columbia was one in favour of the proposal, and he told me that the matter would be brought up at that convention. The matter, having been brought up, was cold-shouldered. Nothing was done about it and nothing will be done because, I understand, the government is not in favour of reopening this act. I am sorry about that, and I hope I am wrong. It would render great assistance to the municipalities if it were reopened.

As I have mentioned before this act, while it was in operation, was very successful, providing 2 per cent money for self-liquidating municipal projects. It helped, as far as British Columbia was concerned, to build up water works, lighting systems and hydro-electric and other types of municipal projects of that kind. We have them to this day, real tangible assets, at very little cost to the dominion government.

The municipalities today are urgently in need of cheap money for similar works, where towns have grown and where new towns have sprung up, and they are unable to get sufficient money owing to the high cost. They would all welcome this act. They have pleaded with me to do what I can to have it reopened. I cannot understand the government's indifference to this, because while it operated they made money. They did not lose money; they made money. Every cent borrowed and every cent of interest has been paid in full, and I think that is a remarkable achievement. On the other side, they can show with pride all the excellent projects that have been completed to the benefit of the Canadian people. Money at 2 per cent, as I point out, would add materially to our tangible assets, and without any financial embarrassment to the government or the municipality.

Another way to assist the municipality would be for the federal government to assume all costs resulting from unemployment. At present the municipalities still bear a substantial part of the cost, which I claim should be a federal responsibility, especially as far as British Columbia is concerned, because we have people migrating from every province in Canada to spend a warmer winter in British Columbia, and naturally many become a burden on the municipality. Because of the roving nature of Canada's unemployed, I feel the whole burden should be assumed by the federal government.

Another suggestion I am going to make is with regard to education. The bulk of municipal taxes today is devoured by educational costs. For years and years a desire has been expressed by the municipalities for some form of federal aid. It is difficult to arrive at what form that aid should take, but I am going to suggest that the simplest way would be to make a per capita grant to school districts, where school districts are in existence, or to municipal bodies. It could be done in some other way, but a per capita grant throughout the dominion would help to solve the problem.

Education actually is more of a federal problem than a municipal one. We are all anxious to get an equal standard throughout the whole dominion. One municipality may have a high standard and the next one a low standard, because of its revenue. So the only body that could truly lay claim to being able to have a universal dominion-wide standard would be the federal government. For that reason I think the federal government should step into that field with assistance, and this is a suggestion as to how this equality could be obtained. I believe all Canadians should have equal opportunities, but unfortunately if something is not done to meet the rising cost of education the authorities will be forced to cut down the educational curricula themselves.

I have made these suggestions, realizing that the government of Canada is a team proposition. The team is composed of the federal government, the provincial governments and the municipal governments, and each member of that team is entitled to a fair share of the common income. There is only the one common income, what the people of Canada earn from their labour, whether physical or mental. So far the municipalities have been ignored by the senior governments, especially the federal government, and it is time they realized the importance of the junior member of the team and gave it a break. Any or all of the suggestions I have just made could be implemented at little cost to the federal government but with immense benefit to the municipalities. I trust the minister will give serious consideration to this before it is too late and we have trouble in the municipalities themselves.

There is one other subject I should like to mention; that is the care of our senior citizens. I had a letter from a group in Oliver, British Columbia, the other day. This group is trying to get federal assistance to build a home for senior citizens. The only type of home the government more or less sponsors is the small cottage built under the National Housing Act. These people have a scheme whereby 21 or more old people would live in one large home, which might be called a boarding house. This could be built for approximately $70,000, including accommodation for the staff and everything else. If you take the unit cost of taking care of a senior citizen under this scheme as compared with the unit cost of building a separate home, you will find it is considerably less. The care of senior citizens would be under proper management. In this case in Oliver it would be a co-operative effort by the citizens of the town. There is no means of getting a federal government grant. The provincial government is putting up one-third of the cost, and the suggestion is that the citizens of Oliver put up one-third and the federal government put up the other one-third. I think it is a fair and sound proposition which would benefit the federal government by allowing these people to live in decent circumstances.

Again I suggest the federal government has the responsibility, because many of these people have drifted to British Columbia on attaining the age at which they are eligible for old age pension. They have come there for the same reason that others drift in, for the climate. For the same reason I advanced before, I feel the government has the responsibility to see that these people are properly housed. Here is an opportunity to bear one-third of the cost of a worthy project. If the government would extend the facilities of the National Housing Act, if necessary, or act through some other means to encourage the building of such homes, I am satisfied that other centres in British Columbia would also come into the field of providing homes that are much needed by these older people. Again, in doing so it would help the municipalities which, in the absence of help from the federal government, must put up the difference and bear the cost of operating these homes. Therefore I hope the minister will give consideration to assisting such projects for the senior citizens of Canada.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, I rise at this time to congratulate the Minister of Finance on the budget he has presented at this session of parliament. A year ago the

minister presented a budget which appeared to some to be too optimistic. However, by reason of the general development of the country and the increase in general business, Canada's gross national product reached a record level.

Before coming into the chamber I had occasion to read the current comment of the celebrated columnist, Mr. Bruce Hutchison. In his article Mr. Hutchison said that just as in the ordinary affairs of man, just as in the affairs of any business corporation, so in the affairs of the nation there is a time to pause and take stock and appraisal of the situation of that particular business or household. He went on to say that if he could read the mind of the Minister of Finance he would say that at this time he was taking that pause to determine Canada's position for the future. This is the second budget presented by the present Minister of Finance. I hope he will bring down further successful budgets as long as he has the honour of holding the portfolio he now holds.

On my return to the Niagara district during the Easter recess I found the fruit and vegetable growers not in any spirit of despair but rather in a spirit of anxiety over the fact that their gross incomes have been reduced below the level of the incomes of those persons who are employed in industry or who are engaged in mercantile or commercial business. They were pleased to know that Canada's economy was at a record high level, but they believed that they were entitled to a greater share of the prosperity at the present time.

In spite of conflicting reports that the rich alluvial fruit lands are being encroached upon by industrial concerns and commercial developments, there are still many fine agricultural acres in the Niagara peninsula to be developed and cultivated. The splendid, mild climate still prevails in that area, and the farmers there are as resourceful as ever. Nevertheless there are several problems which prevent the agriculturists from moving into an equal position with the industrial worker. I am one of those who believe that the agricultural worker, the fruit grower, the vegetable grower and their wives and families should not be asked to accept less for their toil than those who work in commercial business or in industrial pursuits. Every person is entitled to the fruits of his hire.

The problems of the farmer have been fairly accurately set forth in an address delivered by Mr. H. H. Hannam at the twentieth annual meeting of the Canadian Federation of Agriculture held in Hamilton on January 24, 1956. The situation being encountered in this country is not one that is peculiar to this country alone. I think the same problems are being met in the United States of America. In his address Mr. Hannam cites the problems of Canadian agriculture, and I can do no better than to quote his summation of the problem, which is in these words:

> (a) Markets are lagging behind farm output.
> (b) All-time high costs of production are being held rigid, or are rising, while farm prices have fallen.
> (c) Comparatively little progress is being made through intergovernmental co-operation in improving international distribution of food and agricultural products.

So far as the first item is concerned, the matter of markets lagging behind farm output, I think it is recognized that our output is far greater than our present consumption. There is a great need for more people in our country to use the great output of agricultural products. An increase in population will bring a greater consumption of our natural farm products. There is also a need, and I think a greater need, to market our farm products in a more attractive manner. I refer particularly to the fruit and vegetable growers who live in the constituency which I represent. I believe they could dress up their produce in a much better manner than is the case at the present time. We see fruit and vegetables not grown in this country but which are brought here and sold not because their price is any less but because they are packaged in a more attractive container.

I think the formation of producer-controlled marketing boards is vital to the industry. The farmers of my area are not asking for handouts or subsidies. They wish to solve their own marketing and other problems, but they realize they have a need for an orderly program of selling their production. A marketing board or marketing scheme or system will bring with it a sales force for the distribution of natural farm products. It will provide a more adequate method of packaging the product which will appeal to the consumer. It will bring about a uniform high standard of quality over which there can be some supervision. It will also bring with it a medium of public advertising which can be sponsored by the particular marketing board.

But such marketing boards require effective legislation to give legal status to their regulations. In Ontario the farm products marketing act was passed in 1950. It appears in the revised statutes of Ontario, 1950, chapter 131. Subsequent amendments were introduced in the years 1953, 1954 and 1955. However, this legislation has been attacked as being indirect

taxation and beyond the jurisdiction of a provincial legislature. The constitutional issues are embodied in a reference to the Supreme Court of Canada which will be heard this month.

It is expected that the justices of the Supreme Court of Canada who hear the reference will bring down a judgment some time this spring. If the legislation is held to be within the jurisdiction of the provincial legislature, then the act will enable the growers in our area to continue the progress they have made during the past year. Should the Supreme Court of Canada find that the legislation is lacking in some manner which can be repaired by a provincial legislature, then I suggest that it is within the scope and jurisdiction of the provincial legislature to provide the remedy in order to make that legislation effective.

But if the provincial legislation is found to be ultra vires or bad in some manner, and it cannot be cured by the provincial legislature, then I believe it would be necessary for this house to provide proper legislation in order to make the provincial legislation effective. In the interests of the fruit and vegetable growers whom I have the honour to represent, the hog producers, the cheese producers and all those persons who are engaged in the distribution of farm products, it seems to me that this course of action is advisable. If it is needed, the federal legislation should be drafted and ready. Delay in presentation, creating a hiatus during the summer months, would cause a serious situation in regard to the realistic marketing of farm products throughout the country.

I said that Mr. Hannam referred to the need for co-operation among interdepartmental agencies in order to improve international distribution of food and agricultural products. Mr. Hannam's words were "little progress is being made". If little progress is being made in this matter, which caused his complaint, I suggest that it is not the fault of the departments of this government.

In the fall of 1953, I felt that some assistance needed to be rendered to the growers of our district. I called together representative fruit and vegetable growers in my district to discuss this very problem. They formed a committee of five members. At the request of this committee an interdepartmental committee comprising representatives of the Department of Agriculture, the Department of Trade and Commerce, the Department of Finance, and the Department of Transport was formed with the help of the Minister of Trade and Commerce, the Minister of Agriculture, the then minister of finance and the then minister of transport. These two groups

—on the one hand specialists of the various departments of government and on the other hand practical producers who understood the problems with which they were confronted—came together here in Ottawa to discuss the problems of this industry. I can say, Mr. Speaker, that the results were beneficial and gratifying.

I desire to express the thanks of the fruit and vegetable growers of the Niagara district to the Minister of Trade and Commerce, to Mr. Richard Bower and to Mr. Bruce Marshall of his London office for the assistance they gave the growers of our district in getting our fruit and vegetables on the British market in 1954 and 1955. In 1954 the growers of our district sent Mr. W. C. Nickerson, a prominent fruit grower, to Britain. With the assistance of these men whom I have named they were able, working together, to arrange for the sale of our canned fruit and vegetables on the British market. It was a godsend to the growers of our area. They are expecting to continue to send the fine processed fruit and vegetables from our area to the British markets again this year. This effort was only a beginning and in a small way, but it reflects what can be done when a spirit of co-operation exists between the specialists in the various government departments and experienced agriculturists who know the problems with which they are confronted.

The Canadian Federation of Agriculture should be complimented on setting up a committee on policy. The committee, headed by Mr. Jack Brodrick, an outstanding and capable agriculturist who resides in the county of Lincoln, have done much to help the agricultural policy of the country. Mr. Brodrick and his associates, after two years of effort, have brought down an eight-section report which, assembled, provides a national policy for Canadian agriculture. It indicates on the part of Canadian farmers a willingness to face their problems and to endeavour to provide a solution for their difficulties. In turn they desire and request the assistance and support of governments, both provincial and federal, to create a favourable climate in which agriculture can work. I am sure that assistance will be forthcoming, and that the lot of the Canadian farmer will be greatly improved, largely because of his own industry and initiative.

I would be remiss, Mr. Speaker, if before I sit down I did not mention one fact. On two occasions I have spoken in the interests of those citizens who are obliged to accept handicaps which we do not know. I refer to the blind citizens of this country. They suffer a great handicap. They bear their burden cheerfully, and in many cases they endeavour

through their own efforts to support themselves and their families. On previous occasions I have requested of the Minister of National Health and Welfare and the Minister of Finance that the payments made to these blind persons should be made without a means test.

If it is not possible to provide these people with their assistance without a means test, the blind citizens of this country are asking for an additional cost of living allowance to provide for the additional assistance which they require. This includes helpers who must accompany them on trips which they are obliged to take. On many occasions they are obliged to provide themselves with taxis at their own expense. They are asking for a small supplementary payment that would assist them in this way. I am sure that a small payment of this kind to the blind people of this country would not cause too heavy a drain on the public purse, and that it would not provide too much difficulty for the taxpayers of this country. It would certainly be greatly appreciated by those who have difficulty in caring for themselves.

Mr. J. A. MacLean (Queens): Mr. Speaker, when the budget was brought down a short time ago I listened with rapt attention to what the minister had to say, and I must say that I was greatly disappointed when he concluded his address.

Mr. Harris: I am sorry.

Mr. MacLean: I was disappointed because several things which I hoped would be in the budget were not included. I had hoped the minister would be in a position to give us an assurance that there is definite hope that some adjustment in the tariff can be made which will produce a more equitable situation as between the producers of potatoes in Canada and those in the United States. The same thing applies to a new product which holds considerable promise for the fishing industry, namely processed fish sticks. Unfortunately, at the present time Canadian processed fish sticks meet a very high tariff on going into the United States, and the hoped-for benefit to the fishing industry has not as yet materialized.

But a third thing was absent from the minister's remarks, namely a satisfactory recognition of the problems of the maritime provinces at the present time. Therefore, Mr. Speaker, I feel it is my responsibility to again bring to the attention of the house, to the best of my ability, the difficulties under which the maritime provinces have found themselves for most of the time since they joined confederation.

Like the other provinces, the maritime provinces went into confederation on the assumption that they would be equals and would be treated as such. Theoretically, the colonies that joined together to form our present Dominion of Canada looked upon themselves as equals, and in fact they were within reason at least of the same relative importance; they fell roughly within the same category. However, at the present time the maritime provinces find that in fact they are not equal members of an association. That is only a theory. They find instead that they are the little fellows away off at the far end of the Canadian table, and when the platter gets to them they find that the best has been picked over, if not removed entirely. As a matter of fact we find that we are forced to refer to ourselves as the poor relatives in the Canadian family.

I should like to be in a position to congratulate the minister, to exchange some pleasantries and so forth, but owing to the situation in which I find myself I must run the risk of being possibly rather critical, and in any case my remarks may be received with some distaste. It is not because I have any wish to be objectionable; nor is it owing to the fact that any animosity may exist between this party and any other party. It is owing to the fact that we are poor relations, and I am speaking on their behalf at the present time. We have only to refer to Charles Lamb's essay on poor relations to see in what an unenviable position I find myself at the present time. He said:

> A poor relation is the most irrelevant thing in nature—a haunting conscience—a preposterous shadow, lengthening in the noontide of our prosperity—an unwelcome reminder—a perpetually recurring mortification—a drain on your purse—a more intolerable dun upon your pride—a drawback upon success—a rebuke to your rising—a stain in your blood—a blot on your escutcheon—a rent in your garment—a death's head at your banquet.

There we have it. Sir, in order that my references to the position of the maritimes may be better understood I must refer back briefly to the history of confederation and the condition of the relations between the maritimes and the Dominion of Canada over the years. Only in that way can we hope to identify and correct the causes of the present condition.

In 1867 the maritimes had a fairly mature economy. They were growing rapidly. For example, for 10 years before confederation the colony of Nova Scotia was growing at a much more rapid rate than that of lower Canada. They prospered in an economy that had for its mainstays wood, wind and water. It was the day of sail, and the maritimes had become an important trading area in the

world. They built wooden ships with which they traded to all parts of the world. They found themselves in a fairly booming economy. For example, at that time the city of Saint John was the fourth city in British North America. The colonies had negotiated trade agreements with the United States which were very beneficial to them. At that time New Brunswick was manufacturing 7·8 per cent of the Canadian production. The percentage has now dropped to 1·6.

When representatives of those colonies met in Charlottetown in 1864 their original idea was that they could become even more prosperous if the four Atlantic provinces united. This idea met with the favour of the then colonial secretary, who was the Duke of Newcastle. But owing to political reasons, Upper and Lower Canada found themselves in a political stalemate; and because of fear of the United States they sponsored and in the end had accepted the larger union.

The maritimes did not at any time receive this idea of a larger union with any great enthusiasm. The only colony that put it to the test of a popular vote was the Tilley government in New Brunswick, and they were soundly thrashed the first time they went to the people on the question of confederation. It was only at a later election when many other factors were involved which, according to some, muddied the waters, that a government in favour of the larger confederation was elected. After all, it may be only coincidental that the 1860's were the closing years of the golden age of the maritimes. It was an age when shipping was changing over from wooden ships and sail to steam and steel.

People will say that confederation was only coincidental with that, and there is no connection between the two. Nevertheless it would seem to me that since the maritimes had made such a success of things in the first field, they might have been able to compete successfully in the second as well under similar conditions.

Of course there were other reasons why confederation at that time was not especially popular. There was no great desire in the maritimes for union with the Canadas. There was little trade between them and almost no traffic. A Halifax paper of the day said:

> We do not know each other. We are shut off from each other geographically, commercially, politically and socially. Our interests are not identical but the very opposite.

As a matter of fact the colonies had almost nothing in common. When confederation took place the maritime provinces found themselves forced into an unnatural trade position.

The maritime economy had depended on shipping and trading north and south along the Atlantic seaboard. They found themselves forced into trading relations of an unnatural kind across barriers between themselves and the other colonies following confederation. They found, too, that as time went by their voice in the affairs of the new nation grew less and less. When the maritimes joined confederation they had a representation of 34 members out of 181 in this chamber. That representation has fallen to 26 members out of 265 at the present time. That gives one a clue to the lessening importance of the maritime provinces in Canada.

As I said before, these various colonies were something of the same order in size when confederation took place. At that time the maritimes had an area of about 50,000 square miles. Ontario, Quebec and Manitoba together had about six times that area, but it was not considered that the sizes were completely disproportionate as the maritimes was a more highly developed area with a denser population. We find today that the maritimes have the same area they had at confederation, whereas the other three provinces among them have increased their area by 738,000 square miles, bringing their total area at the present time to over one million square miles.

The extra area these provinces have added since confederation is one and a half times as great as the total area in Europe overrun by Russia since 1939. This, of course, is not a fair comparison, because the additional area was practically uninhabited when it was allotted to these provinces; however, its natural wealth is very great. It is the riches of these northern areas that are now keeping the cash registers of the industrial centres of Ontario and Quebec ringing.

It is not accidental that this state of affairs has come about. Upper and Lower Canada had scarcely entered confederation when they started a campaign to increase their boundaries until eventually they reached the size to which I have already referred. The tragedy of the matter is that the men of the day did not appear to realize what was taking place. No long or thoughtful debates took place on the subject when it came before this chamber at various times in 1908 and 1911.

In 1908 a resolution was passed approving of the entire area stretching north to Hudson bay being appended to the provinces of Ontario, Quebec and Manitoba. The act was actually passed in 1911. It is true that hon. members from the maritimes raised their voices in protest at that time. They pointed out that this would upset the unit of representation. It being at the time the population of Quebec divided by 65, since the area of

Quebec was to be increased that would make the unit of representation greater and thereby decrease the representation of the maritimes and other areas in this parliament. Very few people, however, appeared to recognize the true significance of what took place.

In reading over the debate I did notice that one man apparently recognized exactly what was taking place and forecast fairly accurately what would occur. I am pleased that this man happened to be a resident of my riding, who very capably represented in this house for many years the riding which I now have the honour to represent. This gentleman's name was Alexander Martin and on that occasion he said:

> The province of Quebec at present is the size of a pretty large kingdom. Some years ago more than half its original area was added to that province, and by this proposal another kingdom in extent is to be given it. To whom do these lands belong that we so cheerfully give away? What right has this government or any government to alienate the property of Canada and give it to any province without a consideration in return?

Then he went on to say:

> . . . I protest strongly against the public domain being given away to the other provinces without some quid pro quo to the maritime provinces which cannot have their areas extended. Look at the preponderating influence over the smaller provinces which this extension of area will give to the larger provinces in this parliament.

And finally he said this:

> The Prime Minister told us that this territory would not be settled for years to come, but we do not know the value of these lands. There may be millions and millions of acres of mineral lands worth incalculable wealth there. Before the house proceeds in this we should know exactly what we are giving away and how much of the wealth of the country we are divesting ourselves of.

That is the situation with regard to this matter.

Mr. Macdonnell: What was the date of that?

Mr. MacLean: I think it was July 13, 1908, and it is reported in column 12798 of *Hansard*.

Our object in the maritimes is to make confederation work if at all possible. We have been long suffering in the economic field. We have taken the attitude that we should turn the other cheek. As a matter of fact, by this time we have turned all four of them and we have been either slapped or kicked according to what seemed to be most appropriate at the moment.

Mr. Speaker, I do not wish to create the impression that maritimers think the larger provinces are not scrupulously fair. Most maritimers take the attitude that the larger provinces and the dominion as such believe in the principle of share and share alike. The only catch is that when the shares are being dealt out, maritimers feel the assets go to the larger provinces and the liabilities go to the maritimes. There has been no adequate restitution to the maritime provinces for these vast kingdoms that were rather blithely given to these three provinces in particular. It is true that commissions have been set up to deal with this problem, and the Duncan and White commissions did deal with it and arrived at a formula which for that day was quite fair. However, due to inflation and other considerations, the reports made by those commissions are now out of date and no longer deal with the situation.

I have dealt with the position of the maritimes as compared with the other provinces, and later I hope to deal with the position of the maritimes, as well as other provinces, in relation to the central government, the unfavourable position of the maritimes, especially in the field of taxation, as compared with the position of the central government. The maritimes find themselves the victims of both conditions and therefore are struggling along under a double load of injustice.

At the time of confederation certain demands were made by the provinces before they would agree to come into confederation. The central government took over provincial debts and where the per capita debt was low agreed to pay 5 per cent interest on the difference between such low debt and the average per capita debt. There was to be a subsidy of 80 cents per head paid each year, which still exists. Before certain fields of taxation were handed over by the colonies to the federal government there was an understanding that since they were handing over rights to impose tariff duties and other indirect taxes, they should receive certain benefits in return. Those benefits were calculated at that time, but now they seem to be looked upon by the central government as handouts to the various provinces rather than rights which were turned over by the provinces to the central government as one of the conditions of coming into confederation.

At the time of confederation the taxation fields were divided between the provincial and federal governments, but it turned out that the field given to the federal government developed into a more lucrative one than that which was retained by the provinces. Because of this in many cases the provinces find themselves in a condition of penury which reduces them to a sort of vassalage to the central government, a condition which was never intended to exist, which it was never intended by the fathers of confederation should ever be created. In this connection I should like to quote briefly from speeches made in the past in this chamber by various

ministers. On March 25, 1907, Sir Wilfrid Laurier had this to say:

> Lower Canada would not have entered confederation if, as a consequence, she had been obliged to resort to direct taxation to levy the revenues necessary to carry on her domestic affairs. What was true of Lower Canada was equally true of the maritime provinces. Nova Scotia, New Brunswick, Prince Edward Island, would not have agreed to enter confederation if, as a consequence, direct taxation had to be resorted to . . . Therefore it is not to be wondered at that when the provinces represented at that conference agreed to surrender to the central government the exclusive power of taxation by way of customs and excise, they should at the same time have stipulated as a condition precedent that a certain portion of the revenue thus collected should be returned to them, and a portion sufficient to permit them, without having recourse to direct taxation, to carry on their provincial affairs.

That was the principle under which the provinces joined confederation. Another situation has grown up which makes the financial position of the provincial governments extremely difficult. I refer to the system of matching grants which the central government seems to consider as something in the form of a gift. At times the central government will suggest a program which entails matching grants, but it is quite obvious that what may look like equality is not equality. These matching grants should be based on some ratio which has a relationship to the taxing facilities of the province concerned as compared with those of the federal government. Many provinces find that they would like to carry on some of these programs, but their position is like the position I would be in if the Aga Khan offered to pay one-half of the cost of certain fancy things which I could not afford. It is quite obvious which one of us would go broke first. In other words, something that we cannot afford is not a bargain. I am glad to see that there has been some correction of this sort of thing with regard to the trans-Canada highway, but that does not go far enough.

There is an urgent need for action to meet the position in which the provinces, especially the maritime provinces, find themselves. There should be a revision of the grants paid to the maritimes in lieu of public lands. There should be an attempt to correct the position where there is a great difference in the size and importance of the provinces. Possibly we could contemplate the creation of a couple of new provinces in the vast areas of northern Ontario and Quebec, provided the residents of those areas were agreeable. I know that in northern Ontario there is an association working to that end, and in that connection I should like to quote briefly from a speech made in this house by Sir Wilfrid Laurier on July 13, 1908, with regard to that very thing, when he said:

> If the territory of Ungava, which includes 456,000 square miles, were of the same character as to soil and climate as the valley of the St. Lawrence, we would not ask to have it added to the province of Quebec, but would make it another province. The conditions, however, are such that it is not possible to expect any large influx of population into that country. In fact, we cannot expect any influx of population there at all unless there should be the discovery of very large mineral deposits.

These large mineral deposits have been discovered and have sustained a great influx of population. I feel confident that if Sir Wilfrid Laurier were looking over the situation today and it were as it existed in 1908, a separate province probably would have been created.

I think it is important that there should be a careful study of the possibility of a complete reallotment of taxing powers between the provinces on the one hand and the central government on the other, in line with the spirit of confederation. In line too with the spirit of confederation, consideration should be given to the fiscal needs of the provinces, and any subsidies given to them should have relation thereto. In this connection I should like to quote briefly from Mr. J. A. Mathieson who, as a member of the White commission dealing with this matter during the 1930's, wrote a memorandum of dissent in the report of the commission:

> I may shortly state my opinion on the result, which is: That vital questions referred to this commission remain undetermined by this report, and that the increase of subsidy proposed will give but partial and temporary relief. The lapse of more than eight years since the Duncan report went into effect granting provisional subsidies only, has witnessed such necessary increase in government expenditures in the case of all the provinces as will quickly absorb the present proposed increases, and still leave them in a position to compel diminution of necessary expenditure on provincial services, or a further increase of provincial debt or of local taxation, or of all three combined.

That is exactly what has happened.

> These old British colonies that formed the Atlantic bulwark of British North America, after bearing their full share of the cost of Canadian organization and development, should not be treated with less justice and consideration than is being accorded the provinces whose lands they helped to purchase, to protect and equip for settlement.
>
> The evidence produced before this commission showed from early days a total absence of equality in the treatment of the different provinces in Canada, both in regard to money grants by way of subsidy and in the gifts of vast areas of dominion lands to some provinces without any uniform plan and without any compensation to provinces that did not share in the partition of the common property.
>
> It was made clearly to appear on this inquiry that one of the major problems facing Canada today is the devising of some general plan for the adjustment of dominion and provincial financial relations.

I suggest that that problem still faces us. In the province to which I belong, for example, in 1921 the provincial debt was $858,000; in 1926, at the time of the Duncan commission, it was $1,800,000; at the time of the White commission it had risen to $3,900,000; and since that time it has risen to $21 million. It has increased by about five times.

I would suggest, too, that beneficial legislation that has been approved by this house for various parts of Canada should be made applicable to the whole country, if at all possible. Legislation coming under that category, of course, is the P.F.R.A. and other similar legislation. There should be a restoration of the effective maritime freight rates, the benefits of which have been reduced seriously by the manner of applying horizontal freight rate increases over the post-war years. There should be a decentralization of industry for economic, socialogical and defence reasons. It is true that there has been some relief in this direction, as for example the creation of the large military camp at Gagetown, certain public works in the maritimes and so on. But these things are palliatives; they are not cures. They do not get to the root of the trouble. There should be co-operation between the federal government and the provinces, where necessary, in the development of power sources, whether they be hydroelectric, atomic energy or other sources of power.

Recently a proposal was made at the interprovincial conference with regard to the necessity of reviewing the question of subsidies to the maritimes in lieu of northern land. It is not my intention to go into the details of this proposal made on behalf of the maritime provinces, except briefly to say that if the proposal were followed—and it appears to be a logical one—there would be a very considerable increase. The subsidy figures for New Brunswick under this scheme would be $7,200,000, as against $900,000 at the present time; for Nova Scotia $10,400,000 as compared with the present figure of $1,300,000; and for Prince Edward Island, $2,200,000 as against $273,000. The total additional cost of this proposal to the federal government would be only $17,327,000.

Owing to the limitation of time I have had to give a good deal of attention to the difficulties under which the maritimes labour, and that no doubt has created an unbalanced picture of the real facts. We in the maritimes, although we are conscious of these disadvantages, are also conscious of the possibility of a great future. In the economic field, there are new resources being discovered. New water power sources are being developed. There is a decrease in the differential between the cost of the production of hydroelectric power and that of power from other sources. As time goes on this will mean that our position relative to other parts of the country will improve. There is an increasing population in the country and in the world, which creates a larger market for our agricultural and fish products.

There is evidence of new interest on the part of maritimers themselves in improving their economic position. The Atlantic provinces economic council is an illustration of that. However, we in the maritimes realize that perhaps the greatest values in this world are intangible and that economic progress is only a prerequisite to real living and should not be an end in itself. We place great value on the privilege of living in the maritimes. We place great value on the type of society we have there. We place great value on higher education, which has been a tradition in the maritimes. We have a pride in our homeland and a pride in our traditions.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Romuald Bourque (Outremont-St. Jean): Mr. Speaker, first may I add my congratulations to the Minister of Finance on his able presentation of the annual budget, one of the most important state documents of the year. The minister has proved to be a worthy successor to a long line of distinguished Canadians who have occupied this high post and who have presented to this chamber this annual summary of Canadian finances.

The Canadian budget is a document of vital importance to every citizen, to every business in this country and to every type of organization and association. Many people wait anxiously each year for the disclosure of the government's financial policies and decisions because their personal or business budgets in turn are affected by the tax and spending programs announced here in Ottawa.

It is important, then, that the Canadian budget be realistic, that it be practical and that it be so designed as not to upset or interfere with business expansion but rather contribute to it. The minister in his budget this year has taken into consideration the economic facts which lie behind this period of unprecedented prosperity, as well as the financial needs of government and probable developments in the future.

To the anxious taxpayer who constantly seeks reduction in taxation together with

increased public services, the 1956 budget may appear to be disappointing. It may also be disappointing to those political commentators and sensational news writers who constantly seek to provide their readers or listeners with controversial items. There is nothing controversial about the 1956 budget. It is a sound businessman's budget based on sound economic principles and shaped in accordance with economic facts. The minister has not introduced change for the sake of change or to make political capital. He has left business and individuals undisturbed except in those very few instances where new action or modification was essential. That is the basis of good budget making, and we on this side of the house are proud that it is the work of one of our most distinguished colleagues.

The sound and continuing policy of this government, stated many times by the Prime Minister, is exemplified in the new budget. The Prime Minister has continually sought to give the kind of leadership to this country that would result in a greater measure of prosperity for all our people, and that would combine with that prosperity an ever-increasing measure of security. The results of this national policy are plain to see. Canada has never enjoyed such prosperity. No other country in the world is experiencing such a period of economic and social advancement. Canada today is the envy of nations. It has the most promising future. It is constantly attracting the capital and the manpower from other older and once richer countries because it has become the recognized land of opportunity.

Industry flourishes in lands where the government is stable, where taxation and government spending are realistic and based on actual needs, where there is no untidy experimenting with fiscal policies in a search for unattainable Utopias. This is not an experimental government; neither is it an overcautious government. Over the years its policies, many of them reflected in the annual budgets, have been such as to encourage industrial and scientific development, the expansion of our towns and cities, more efficient agriculture and more and happier leisure time for our people. All those are the legitimate and wholesome aims of good government, and all those are reflected in this year's budget.

To those corporations and individuals who express disappointment because the budget does not contain substantial or important tax reductions, there is one very simple and logical answer.

Mr. Argue: The coming election.

[Mr. Bourque.]

Mr. Bourque: Both companies and individuals are better off financially in Canada than in any other country in the world with the possible exception of the United States, and the steady flow of capital from that wealthy nation into Canada does not indicate that American management finds anything to complain about in Canada's tax structure.

Immigrants from other countries have come to Canada since the war and have achieved outstanding success. There are countless incidents which I could cite here today. Small businesses have been started by new Canadians with very limited capital and have soon expanded beyond the wildest dreams of their founders. Heads of families have come here and secured employment, and in an extremely short space of time have been able to bring out their families and provide them with what many of them considered to be luxurious housing and all the comforts of life. Just a few days ago I was told of a young woman from Great Britain who came here just six months ago, secured employment as a stenographer, and now with her savings is planning a holiday in her home country. She can scarcely believe that it is true. The heavy tax burden which we hear so much about has not injured her nor many others who have come here to live.

Mr. Argue: It does not hurt the old age pensioners either.

Mr. Bourque: The budget reveals an understanding of the present economic situation and also the need for sound planning for the future. It is a foolish company which in good times spends all its capital. It would be a foolish government which in good times would dissipate its assets, reduce its revenues and let the future take care of itself. The financial policies of this government exemplified by the budget, should serve as a guide to business management and to individuals concerned about their own economic future.

Canada's prosperity is not an economic accident which a political party anxious for power can seize and exploit. It is something which, carefully tended and intelligently employed, can last for many years, increasing each year and adding more to our abundant life. Hearings before the Gordon commission during the past few weeks have indicated to all of us the great potentiality of this country and the fabulous future which is in store. The document that the Gordon commission will eventually produce will be of the greatest value to our businessmen and economists. It will also be a realistic tribute to the administration of this country under which such a solid foundation for future development has been laid.

Mr. Argue: That is why you appointed it.

Mr. Bourque: The budget takes into account the prospect for continued expansion which will require expanded services. It refrains from introducing into the present economic system any measure of inflation which might be brought about by reduced taxation and increased spending. It preserves a proper balance between encouragement to industry and checks on unwarranted expenditures.

Mr. Argue: You should have increased family allowances.

Mr. Bourque: At the same time the minister in his budget has taken into account the growing importance of the creative arts in Canada—

Mr. Argue: What about old age pensions?

Mr. Bourque: —and has offered encouragement to those who seek to portray this country through artistic and editorial media.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Bourque: Mr. Speaker, as I was saying before the six o'clock adjournment, the minister in his budget has taken into account the growing importance of the creative arts in Canada and has offered encouragement to those who seek to portray this country through artistic and editorial media. A high standard of living is of supreme importance but recognition must also be given to the fact that there is more to life than the science of economics. Over the years this government has given support and encouragement to the national gallery, which will soon be housed in its new building. In the budget it takes a further step by making available to Canadian art students freer access to the great masters. The admission of works of art to this country is to be encouraged, and the cultural heritage of the country is to be enriched.

In the same way the government seeks to assist and encourage those who endeavour to give Canadians a picture of their own country, by encouraging the writing and illustrative arts through the publication of Canadian magazines. Good Canadian publications expressing Canadian ideas and devoted to Canadian subjects are essential. Yet because of our small population the circulation of such magazines is necessarily limited. Next door, in the United States, we have the vast circulation magazines whose publishers look upon Canada as a bonus market, an overflow area where extra profits are to be picked up at small cost.

Some of these American publishers have moved into this country and print their magazines, sometimes here from American plates and sometimes in the United States, with a maple leaf on the cover and call them Canadian editions. Their editorial and illustrative costs are already covered by their home circulation. They are able to produce these Canadian editions at a fraction of the cost which competing Canadian publishers must pay for their productions. They pay nothing here to writers or illustrators, to our printing house compositors or engravers; they use their own presses and save money on freight and postage.

This is not fair competition, but if it were only economically unfair, we might be content to leave the matter there. It is ideologically unfair because American ideas, some of which may be in conflict with Canadian thinking, are circulated widely with the support of Canadian advertisers whose business has been weaned away from the Canadian publishers. The publisher of one of these quasi-Canadian editions has protested that this new tax imposed on these publications is discriminatory, unfair and not in the public interest. In his own defence he points out that his magazines are printed in this country and thus provide employment for Canadian labour. In reply I might point out to him that the principal thing in his magazines that is not Canadian is the editorial content. In other words the ideas are foreign, masquerading as Canadian.

No one objects to the importation of American publications which are just what they say they are. People who prefer to read them may do so, knowing that what they read is of foreign origin. But those publications which portray themselves as Canadian editions, solicit Canadian advertising and then spread foreign ideas should legitimately be taxed. I have no hesitation in agreeing that this is discriminatory; most Canadians, I believe, would wish it to be so. We wish to discriminate in favour of our own people, in favour of our own artists, our own writers, and in favour of our own ideology. That much-discussed item in the minister's budget deserves our full support.

While no one in Canada would wish to quarrel with the United States or prevent their ideas and opinions from being heard in this country, we all recognize the need for established media through which the Canadian viewpoint can be expressed, and this expression must be allowed to compete with American ideas on a fairer basis in this country. We believe in the sincerity of American ideas but we also wish to express our own ideas freely and forcefully. I don't

believe any United States citizen would quarrel with our right to maintain in this way our Canadianism.

We are entering a period in Canadian history when able and intelligent leadership in economic, cultural and ideological matters is of the utmost importance. Ahead of us lies the new industrial revolution implied by the term "automation". The science of electronics promises to alter many of our present methods of production and promises also to create new problems for us on the industrial front.

Management in this country is facing a period of keen competition and sweeping changes in practices. In many large industries today the volume of activity is too great for existing capabilities. Industry must do some intensive planning for the years immediately ahead.

We must in the near future draw a parallel between the services of geologists and physicists in the development of our raw resources over the past quarter century and the skilled technical services which are required today. We in government and we in business must take the scientific approach to our new problems. We will have at our disposal electronic devices which will perform functions in forecasting, statistical recording and data processing. These are all practical aids to clear business thinking, if they are properly used.

It is not sufficient for this government to content itself with providing experts in many professions. Industry, too, must take positive steps to provide itself with experts in a great many fields if it is to be able to cope with the problems in our new industrial world. Automation must not be just an industrial gadget; it must, without injuring business and without upsetting our economic system, serve producers and consumers alike. We cannot permit automation to become a Frankenstein that will destroy all that we have created.

There will be fields for vast new investments, greater than any we have heard of in the past. Industry here must keep pace with that in other lands, yet it must proceed with intelligent caution. Overproduction made possible by automation may increase unemployment and thus reduce still further the consumer market for the products overproduced. New capital investments on a large scale may injure beyond repair industries now in operation.

While these may seem to be problems of industry alone, they are problems affecting the whole business of government. They are viewed with concern by our responsible ministers, and they are incorporated in the economic thinking behind the budget which is now before this house.

In Canada we are extremely fortunate in having a great many intelligent, patriotic businessmen who in numerous ways serve the interests of their country. To be successful in business or in a profession has never been labelled a crime in this country, and I hope it never will be. Nor has it ever been considered anything but desirable that men who have made a success in their calling should devote some of their time and talents to public service. Far too often we hear people suggest that politics is a dirty business. It will be a dirty business if we do everything in our power to prevent decent citizens from taking part in politics. That should surely not be the wish of any individual or group in this house.

It was therefore with surprise and disappointment that I listened to the hon. member for Burnaby-Coquitlam make a serious personal attack upon a gentleman known to many of us as an honourable man, a successful corporation lawyer, a man of good reputation who has consented to accept an office in a political party because he believes it is his duty to give some of this time to public affairs. I refer to Mr. Duncan Kenneth MacTavish.

Mr. MacTavish holds many responsible positions. We talk of the lack of opportunity for Canadians in this country and the need for bringing in foreigners with brains and know-how, yet Mr. MacTavish by his own career serves as an inspiration to many of our youth. He believes in this country and he believes that as a private citizen he has a right and an obligation to participate in its political activities. As such he has been honoured by the Liberal federation, which elected him chairman. I suppose that any other political group paying similar honour to one of its followers would think it was a privilege to do so, and I would agree that is true. It is certainly not a reason for slander.

This government welcomes an interest by all men and women of good will in public affairs. We greet those who devote serious attention to politics which, after all, is only the science of government. And we are happy as supporters of the present government to direct their attention to the present budget, which we believe incorporates all the features of sound business administration and good common sense.

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, I regret that I shall not be quite so lavish with my compliments in the direction of the Minister of Finance as the speaker

who has just taken his seat. However, we shall devote some few minutes to some of the problems we think are worth bringing before this house. First, just to set the minds of the government at ease, I must tell them that we are going to vote in favour of the amendment, the first line of which reads:

This house regrets that the budget is empty.

I am sorry to say we find that the amendment is also a little bit empty. However, we are going to vote non-confidence in the government on account of their failure to implement fiscal and financial policies which we believe are necessary in the good administration of Canadian business.

There is one other thing that has worried me quite consistently, and that is to find just where Her Majesty's loyal opposition stands on certain principles which we hear quite a lot about. We hear them continuously recommending tax cuts and relief for those in the lower income brackets. Of course that is more pronounced this session than formerly, and I would just like to put a paragraph on the record again because I believe it contains some very fine words. It is found on page 2550 of *Hansard*, and is taken from the address given by the hon. member for Greenwood (Mr. Macdonnell):

I fear I have not been as forceful as I would have liked in speaking for the hundreds of thousands of our fellow citizens who have been and continue to be, in so far as this government is concerned, forgotten men and women. I only wish that I could din my words into the ears of every serious, every generous, every responsible citizen of this country and that I might have the gift to persuade them that it is their duty to rise up and demand action.

I would just like to tell the hon. member for Greenwood I am afraid his words were not very well received by members of his own group, especially when we recall that just a couple of nights ago they voted against an amendment which condemned this government for not bringing tax relief to those in the low income bracket.

Let me come to the budget. We have heard it called by various names, and have read various articles dealing with it, but the one that appealed to me most was a heading in the Ottawa *Journal*, as follows: "Harris Comes With Little". To my mind this is about the most concise summing up of the budget that could have been given; and the little that is in the budget also makes it that much harder for us to find something to talk about.

Very little information was given to us that had not been available in the press and through other channels before the night of the budget speech, but again I am thinking possibly that is the policy of this government. Throughout this session and the two previous sessions that I have had the privilege to sit in the house, I have come to the conclusion that this government has developed to a high degree the art of withholding information from parliament, and comes up with little when questions are asked. At this stage I should like to mention the fact that you can take the order paper of today and you will find simple questions standing there for two months that still remain unanswered. Many times when the answers are given they are not just quite as full of information as we think they should be.

However, in this budget there was one thing I noticed on which I should like to comment, namely the fact that the sales and excise tax structure of this country will be referred to a commission with the idea of finding out the best level at which those taxes should be levied and collected. I brought this matter before the house a year ago in connection with car dealers. I feel that levying those taxes at the level of the manufacturer is discriminatory against those dealers.

I am glad to know that this is to be a subject for study; but I understand, again from the press, that the level that will be recommended is the wholesale level. I do not believe that is the proper level at which to levy this tax. I think the tax should be levied at the retail level. It will bring to the attention of the people the huge costs they are facing daily in the operation of this government, and it will also be quite a lot fairer, in that the tax is paid immediately by the party on whom it was intended to be levied, and it will be the actual tax that will reach the government.

Under the present system, because the tax is levied at the manufacturer's level, it is pyramided up by the price spreads until, when it reaches the consumer, in spite of being a tax of 8 per cent to 10 per cent, it is possibly increased from 75 per cent to 100 per cent. Therefore I am satisfied that if this tax were collected at the retail level the government could cut the tax by perhaps 50 per cent and realize the same amount of money, and the price of the goods to the consumer would be reduced accordingly.

The hon. member who has just taken his seat spoke very strongly in favour of the tax on advertising in the so-called Canadian issues of United States magazines. I must add my voice to those which strongly oppose this tax. I maintain that these companies which publish magazines in Canada are not different from branches of United States companies doing business here in the ordinary way, if I may express it in those terms. I am sure that if we were to levy any discriminatory tax against the products of such

companies we would certainly be in a bad way. It is not only the ordinary fair-minded people of Canada who look upon this tax as being discriminatory; many publishers are also opposed to it. I think I would be safe in saying that most publishers hold this view. I trust that the minister will give this further consideration and will bow to the storm of disapproval that is rising from coast to coast.

There is one other subject in the budget, Mr. Speaker, which I believe has not been mentioned thus far by any speaker; I know that the minister made no reference to it. I am referring to the alarming increase in the national debt of this country and the cost of servicing this debt. I like to compare the government and its affairs to a large business organization, and truly it is the largest business enterprise in Canada. I am satisfied that the government, which I choose to liken to the board of directors of an industrial concern, and the Minister of Finance, who might be likened to its manager, would face serious questioning by the shareholders of the company if year after year the annual report presented to them showed increased debt, increased overhead and an increased cost for interest.

We find that for the year 1956-57 interest on our national debt is going to amount to over $500 million. I recently took a few minutes in which to figure this out, and I discovered that for every second the clock ticks during the next 12 months we are going to pay out money to the cost of servicing our national debt at the rate of $16.03; every second for 12 full months, day and night without let up.

We must take stock of that large amount of money and perhaps think in terms of welfare, our old age pensioners, our blind and disabled. Perhaps we should think of it in terms of hospital insurance, which I am glad to note will possibly be introduced in Canada. Whenever we in the opposition ask for increased grants for these worthwhile causes we are told quite plainly that the government does not have the money or we are met with the question, "Where will the money come from?"

Mr. Speaker, over $500 million is being spent needlessly in interest charges. We who have been frequently looked upon as crazy-money people and who have been described in similar terms advocate a system for creating debt-free money for the service of this country. We do not think this can be brought into effect overnight, but it can be brought about gradually as our bonds are retired and the obligations taken up. We maintain it is the right of this government to honour them. When that is done, new debts could be financed with debt-free money and eventually we would eliminate the needless spending of this sum amounting to over $500 million. This money could be used for welfare purposes. Just think how happy the Minister of Health and Welfare would be if he had that amount of money to put into welfare plans for the benefit of the people of Canada. I sometimes wonder if those in our group are as crazy as is generally supposed.

As I said a moment ago I am pleased to note that a national plan of hospital insurance is being proposed. I have in my hand a Social Credit manifesto, a publication of which we are quite proud, and I would just like to read a section to you:

National Health Program

The most valuable resource in any nation is its citizens. The health of every individual citizen is therefore one of Canada's greatest national assets. The Social Credit Association of Canada believes that it is the constitutional responsibility of the Canadian government to provide the provinces with unconditional per capita grants for the following purposes:

1. To enable the provinces to establish an adequate system of health services accessible to all.

We in this group believe that the proper way to institute a service of this kind is under provincial administration. Although the proposed system of the federal government does not quite follow along those lines, I am greatly impressed by the tremendous spirit of co-operation which the Minister of National Health and Welfare assures us will be made evident in bringing this plan into effect. As I have said on other occasions, I believe that the less government we have at the top, the better things will be; and the closer we can bring the administration of welfare to the people themselves, the more effective it will be.

The plan proposed by the federal government is a step in the right direction, but it is only a step and it is not perfect. We know it will be enlarged, and we know that nothing begins in a state of perfection. As long as the department continues to show the spirit of co-operation which is being manifested at the present time I am satisfied that many of the difficulties that arise in the minds of the people will be overcome.

Perhaps one of the greatest reasons for opposition to the proposed scheme is that it does not cover tuberculosis and mental illness. I realize that this is only a start and we cannot look for perfection, but these are two forms of illness that are being pretty well taken care of in Canada today. It is true that a large part of the expense is being borne by the provinces. I must admit, and I do so gladly, that a large part of the funds for tuberculosis and mental illness control

and research comes from the federal department of health. The institutions to which victims of these diseases are committed will not become a part of our national health scheme. All cases of tuberculosis and mental illness that can be handled in the wards of our general hospitals will be covered by this plan. So it is not as bad as some people would think.

Since we are dealing with mental illness I think it might be wise to spend a couple of minutes more on this important subject. We hear about heart disease being a great killer; we hear about the terrible ravages of arthritis; we hear of the dread and dire effects of cancer. There is no one who is more aware than I of the dangers and terrors of these diseases, but when we stop to think that 50 per cent of the patients in Canada are mental patients then I think it is time we gave a few minutes to considering this great problem.

It is not only the patient himself who must suffer; there is the trouble and worry to the immediate family. It is true that today mental illness carries no stigma, that it is considered to be nothing more than an illness of a part of the body the same as any other; nevertheless there are broken homes, there is worry and heartsickness much more than would meet the naked eye.

As I said, I should like to pay a tribute to the department for what has been done in connection with mental illness. We are not ready for any great curative program because this is something we know very little about. We would really get the greatest benefits from every dollar spent if it were spent on research. It is quite easy to get up and say that we should spend more money on research, but there is no use making money available unless we have the trained personnel and the trained professional men and women who can make use of that money.

In this respect the government is doing quite a noble work. Under its mental health program it has made available large sums of money. This program was set up in 1948-49, when $4 million was made available for mental health work. A total of $1,142,318 was allocated in that year, but the facilities available were able to make use of only the small sum of $439,128. This has grown year by year, until last year there was made available for mental health $7,177,855. The amount allocated was $6,635,947, and of that total allotment there was used under the supervision of the provincial departments of health a total of $6,013,547.

In a sense we are able to see a marked improvement in the facilities available to carry on research and the psychiatric treatment and care which is necessary in fighting this dread disease, this great striker-down of the health of the people. However, it will be noticed that although $7,177,855 was made available, all that could be used was a little over $6,000,000. So we are not ready yet. We can holler for more money, but there is no use providing more money until we have the facilities and the trained personnel to use it wisely.

But there is a program under way to train the required personnel. In the period 1948-1955 this resulted in the training of 229 psychiatrists, 129 psychologists, 190 psychiatric social workers, 183 psychiatric nurses and 6 occupational therapists, a grand total of 1,283 trained personnel. That is what has been accomplished under the training program during the past seven years.

But we still have a long way to go. It is felt that at the present time this country requires 498 psychiatrists, and we have just 326. There is room in the established institutions for that many at the present time. A total of 189 psychologists could be used, and we have only 111. We need 290 social workers and there are only 195 available. We need 358 occupational therapists and there are only 107. Occupational therapists are needed not only in connection with mental illness but in the general care of children and for cerebral palsy cases. In the case of administrative nurses we require 214 and we have only 175. We require 118 teaching nurses and we have only 66.

I would commend to this house a very wide program of teaching and training in order to make use of the money and resources available through our present department of health. Rather than holding out for grants to take care of people in institutions I figure, and I am sincere in this, that we can spend our dollars to much better advantage in research and study in order to prevent this type of illness. As I said, the provincial governments with the aid of the federal government have the facilities and are doing a good job.

There are a couple of what I might call local problems which I should like to bring to the attention of the house. The riding which I represent is pretty well in the centre of the interior of British Columbia. As I have said before, it is one of the finest dairying districts in British Columbia. In that small area we have about 15,000 dairy cows. It is estimated that our farmers have over $2 million invested in herds and breeding stock, and over $4,500,000 in farms and equipment.

Like every other industry, the dairy industry today is facing serious problems because of rising costs of production, and some

assistance should be given to our farmers so they may be able to produce better pasture and provide better housing for their dairy herds. The old fashioned stall and stanchion is giving way to loose housing, but whether that will be the type of housing best adapted to our rather rigorous climate up in the north Okanagan remains to be seen. Some experimental work should be done along these lines. Then there is the matter of producing feed. Our acreage is limited and we must produce the greatest number of tons it is possible to produce on every acre of our land.

The matter of disease is becoming quite serious in these herds, though they are not different from herds in other parts of Canada. Mastitis, brucellosis, vibrio fetus, milk fever, bloat; these are all of great worry to our dairy farmers. We are far removed from any pathological centre where treatment or diagnosis are available. I was talking to a dairyman just before I came east, and he told me that this vibrio fetus is a disease that is becoming quite prevalent and quite serious. Of course the immature calf which has been dropped dead has to be sent away for diagnosis. We have no facilities in the interior, and the only place where this can be done is at the university in Vancouver. By the time you get one of the samples sent away and it reaches the dissection tables at the laboratory of the University of British Columbia it is in such a state of decay that it is impossible to make a correct diagnosis.

So I would like to bring to the attention of this house the need for experimental farm services in northern Okanagan. We are not going so far as to ask for what might be called a complete experimental farm. At the present time at Summerland, a little over 100 miles to the south of us, in mainly fruit producing country, we have an experimental farm where, mostly as a sideline, a dairy herd is maintained. We believe that the proper place to have that dairy herd housed is in the North Okanagan or Shuswap area. I am sure some arrangement could be made without too great expense, perhaps on a co-operative basis with one of our leading dairymen in that area, whereby this herd could be housed and experiments could be carried on in co-operation with an official from the farm at Summerland. The whole institution could be carried on as a substation under Summerland jurisdiction.

I would be remiss in my duty if I did not have something to say about the P.F.R.A. Last fall the Minister of Agriculture, when he was in Vernon, touched on this and told us, "We cannot have the Prairie Farm Rehabilitation Act in British Columbia. You know, this was just set up to take care of the Palliser triangle and so on in the prairies, and there is no further provision." But I should think if there were any genuine desire on the part of the Minister of Agriculture to apply similar provisions to British Columbia there is nothing to stop such action being taken. I am sure we are not anxious to have the handle of "prairie farm" attached to us across the mountains, where we do not know much about the prairies. Possibly the name could be changed to the "national farm rehabilitation act", if the name "prairie" eliminates the use of that act in a province that does not happen to be a prairie province.

Recently I noticed that the irrigationists of British Columbia presented a brief to the Gordon commission. I am sure the government will have those figures, but I should like to place them on the record here tonight. In the Okanagan-Similkameen irrigation districts there are 36,526 acres under irrigation at the present time, and there is an additional potential of 21,584 acres. Private projects in this area have 6,812 acres watered, and 8,114 acres could be so watered. The Fraser-Thompson area has 72,000 acres under irrigation, with a potential of 110,000 acres.

I am sure the hon. members for Fraser Valley and New Westminster and our hon. friends from Burnaby-Coquitlam and Burnaby-Richmond, would be glad to see these regulations applied to that part of British Columbia, thus bringing an additional 100,000 acres under water. In the Columbia-Kootenay district there are 29,000 acres under irrigation and there is a potential of 60,000 acres. That gives us a total potential in the province of British Columbia that could be placed under water of 299,698 acres. This means that 9,849 farms of 20 acres could be taken out of that acreage. With a family of approximately five on each farm, it would give us land which could support a further population of approximately 50,000 people, who would not only be able to provide for their own living, but would be able to provide more of that food which is necessary to meet the requirements of the people of Canada and the world.

Mr. J. M. Dechene (Athabaska): Mr. Speaker, when I came into the house a few moments ago in hopes that you would give me the privilege of the floor tonight, and I opened this bulky file, my young friend from Fort William (Mr. McIvor) passed the remark that he hoped I was not going to read all this. Well, sir, I have not yet read a speech in this house, and I do not intend to begin tonight. My eyesight is not as good as

that of some hon. members who stand straight up and read every line of their speeches laid on the desk. I will admit that the style I use might not read so well in *Hansard*, but I assure you that it will be my own thoughts and the things I believe.

I hesitated to ask you for the privilege of speaking tonight and using the time of this house. Mr. R. B. Bennett, who knew something about figures, stated to my hon. friend the former member for Temiscouata, about 1931, that the cost of the sitting of parliament at that time was between $1,200 and $1,300 an hour, counting all the printing of *Hansard*, the notices and so on, the extra staff and everything else. Imagine what it would be today. Mr. Speaker, I must admit to you that in this session so far, although I have heard many fine speeches, I doubt that I have heard one that is worth $1,800 an hour.

But before I go any further I want to bring something to your attention, sir, which I think should have been raised as a question of privilege. My comments are those of a man who has sat in this assembly for many years, who for many years before sat in the legislative assembly of Alberta, whose direct ancestor on my mother's side was a member of the first assembly ever to sit in Canada under the Quebec Act. I wish to say that I have resented very much the accusation that has been made that we over here are just rubber stamps, that we are just followers.

In order to base my argument on the proper ground I should like to refer to the words of Montcalm, while still alive, to Brigadier Townshend, who commanded the English forces after the death of General Wolfe, with respect to what was understood at the time the so-called conquered race became part of the British people. It is on record that Montcalm wrote:

> Monsieur, the humanity of the English sets my mind at peace concerning the fate of the French prisoners, and the Canadians.

They were already a Canadian nation then. They understood him too.

> Feel toward them as they have caused me to feel. Do not let them perceive that they have changed masters. Be their protector as I have been their father.

I believe, sir, those words of Montcalm should be placed on the records of this house because as a result of this attitude we have succeeded, through many years of struggle, in becoming a united and independent nation. We remember that some time ago the Minister of Agriculture made a speech at a convention. He said that he had read the speech of Sir Wilfrid Laurier in 1904 in which he expressed the thought that there would be as many people west of the great lakes by 1950 as there would be east of the great lakes. Unfortunately, with all his vision and his genius Sir Wilfrid could not know that there would be two terrible conflicts in the meantime which would change the course of events and prevent this great growth of the western provinces.

Under Laurier we had as minister of finance one of the best men, a man who led his province for many years as premier, W. S. Fielding. Later we had Robb, Dunning, Ralston, Ilsley. What a tremendous job Ilsley did during the war! Then we had Abbott and now we have the present Minister of Finance (Mr. Harris). In spite of anything that had been said, and knowing the conditions under which the budget was brought down with, as every hon. member of the house knows, the danger of inflation, the Tory papers and the Tory politicians predicted exactly what the minister was going to do and once he did it they all criticized him bitterly because he had done so. I join his name with those of these other great ministers of finance. I do not hesitate to say that I am proud of him and we are all proud of him.

Mr. Fraser (Peterborough): Buy a new hat, Walter.

Mr. Dechene: The greatest sport I know is to spend the other fellow's money. It does not cost you anything. You can stand up and say: Why do you not spend money on this, why do you not do that, why do you not increase family allowances, why do you not increase old age pensions, why do you not make a grant for this and a grant for that? It is so nice to be in the opposition and not have to raise the funds with which to do these things.

We have been accused of being irresponsible. I have given some of my record. I think I know what responsibility means as a public man. In 1953 I had an example of how irresponsible some people can be in order to win votes and elect one member. You remember the great promise made by the Leader of the Opposition that if he were elected he would reduce expenditures immediately by half a billion dollars. There was a gentleman in Athabaska, a friend of mine whom I will not name, who knew he could not be elected but thought he might try to rally whatever Tory forces were left in that corner of the world. A week later he came to see me. He had read the paper and he said to me, "The man who is going to reduce taxation and expenditure by half a billion dollars has just gone into Saskatchewan and said that if he is elected he will immediately construct the South Saskatchewan river dam, estimated to cost $350 million, in order to

elect one fellow in Saskatchewan." He said, "I am not going to run. I cannot understand that. How can you cut down expenditure by half a billion and the next day spend $350 million more? Even a school child in the seventh grade would not swallow that."

As I entered the house the other day I read the motto engraved in the granite on the west side of the peace tower, that motto which is so true, "Where there is no vision the people perish." Sir, I wish to present this thought. I wish to argue, to recommend, to demand that the great railway companies of this country keep their word to the people of the northern part of Saskatchewan, Alberta and British Columbia, given at the time they entered into their agreements and received charters from this parliament. They promised to construct lines north of the Saskatchewan and Beaver rivers.

This may seem to be a local matter to most hon. members, but I say to you that there is a region 1,000 miles or more wide with unlimited possibilities. It is the gateway to the great northland through the Athabaska river. The region extends from Churchill through Prince Albert and my country into the Athabaska, Lac la Biche and the Peace river country. At Prince Albert you have the choice of two routes, one to the south leading to the great lakes and the new St. Lawrence seaway and the other one leading to Hudson bay and Churchill.

In Alberta in 1931 I seconded a motion to make Churchill a free port of entry. They thought I was a dreamer and that it was impossible. Yet if you look at the map for one moment you will realize the tremendous possibilities for the export of wheat, other cereals and cattle from western Canada through Churchill and there would be plenty of ships because they would come back loaded to a free port of entry and would be able to serve the prairies at cost. Today it comes by railroad and you have to pay through the nose, as it were, for this production. A free port of entry at Churchill would enable our farmers in the west to compete with the farmers in the east.

I was called a dreamer and visionary. I moved in this house and I moved in the house in Alberta that we should return the mineral rights to the owners of the soil. I got no support except from a few. Right at this moment, when everybody is up in arms, we are going back 45 years. It is reciprocity all over again; no truck or trade with the Yankees, the Yankees are going to conquer Canada, the Yankees are going to make us so rich that we will be unable to remain free. Forty-five years ago the same argument was used.

I took part in that election in 1911. If we had followed the suggestion I made, namely that the owners of the soil should be the owners of the mineral rights, there would have been a tremendous difference in the outcome of the administration of these vast mineral resources. In 66 per cent of the states those mineral resources belong to the owners of the soil. It did not stop the development, far from it. But it gave the settlers, the farmers, the local businessmen, a stake in this wealth so they got together and organized companies, and if there was a million dollars to be made it was not made by Imperial Oil but was made mostly by the people of the country, by the owners of the soil themselves.

I know it is too late now. Most of those resources have been alienated. But I am truly fed up with hearing about this fear of United States capital getting control of our country.

In 1923 I moved a motion. I speak about myself because I seem to be almost the only one left of the crowd of those days. I moved a motion in the Alberta house that in co-operation with the Canadian government we should offer help, give a prize of a considerable amount of money, to the first company, firm or individual which would bring in a 1,000-barrel oil well, and a $1,000 premium to the oil driller who drilled that well. We knew what happened in Calgary. We had discovered oil before anything you now have in Calgary. I hope the Calgary members are here. They have heard about the offer. Nobody took it up. If we listened to the opposition today we would wait forever until our Canadian friends, our real friends—I do not know where they are; they are certainly not in the Liberal party, or if they are they did not help me at election time—until these real men from Canada came along—

An hon. Member: You have forgotten.

Mr. Dechene: Did you say something?

An hon. Member: You must have forgotten.

Mr. Dechene: We should have to wait and today the oil would still be there; no development would have taken place.

Now I want to speak about those railroads. In 1909—that is a long time ago—the Liberal government in Alberta went into the railway construction business in this manner. We had a great wave of immigration under the Liberal government of Sir Wilfrid Laurier. People were pouring into the western plains, breaking the virgin bosom of the wealthy prairies and beginning this great production which is the marvel of today even in a nation

as rich and as well organized as the United States. But those people needed communication. They needed transportation. The Liberal government of the day made a deal or an offer, guaranteeing the debentures of the railway companies up to $15,000 a mile, in order to bring branch lines from Edmonton and Calgary into this country into which the settlers were pouring. The result was that from Edmonton straight north to Athabaska 100 miles, from Edmonton to St. Paul, from Edmonton to my own town of Bonnyville, from Edmonton to Fort McMurray in the riding of Athabaska, Alberta railways were built to the Peace river. These guarantees brought those lines to give transportation facilities to these settlers, farmers, and businessmen living there for their production. I wish we had a map large enough. There is your map represented by my extended arms, these lines all going out like the arms of an octopus, bringing trade to Edmonton. But every farmer in my country had to pay the backhaul of 175 or 200 miles into Edmonton and back again if he wanted to reach Winnipeg or the eastern market.

Mr. Speaker, I wish more time were available. I have not watched the clock very closely. I have here resolutions accepted unanimously by the assembly of Alberta with regard to the connecting of these lines to the Saskatchewan and Beaver rivers. This is not just a plan, as I said, it means an outlet and route for all this vast country north of Saskatoon and Prince Albert, north of the Saskatchewan river across the prairie, across the northern part of the province giving access to the Pacific ocean at Prince Rupert.

This is not a dream. Charters were issued. The C.P.R., knowing by that time the value of that north country, came to this parliament and demanded a charter. It was proposed and they received it. They were to build west of Prince Albert through Meadow Lake—this is built now, as those who come from that country know—to near Goodsoil, a place in northwestern Saskatchewan, where they meet the Canadian National Railways line from Battleford-St. Walburg into Cold Lake. According to the regulations laid down by this parliament the C.P.R. received running rights over 55 miles of the Canadian National Railways line from Goodsoil or nearby into Cold Lake in the constituency of Athabaska and began to build.

I have here the dates of the charters and everything. I know time does not allow me to refer to them, but the records are readily available. In 1931 the whole thing was stopped. I see that the Minister of Agriculture is in the house. One of his secretaries at that time was in charge of the removal of the settlers from the dry belt in southern Saskatchewan into the interior of northwestern Saskatchewan and northeastern Alberta which were to be served by these railroads and where we had rain, growth and grass, where we had everything. Literally thousands of people came from the south.

Mr. McCullough (Moose Mountain): They were given $50 a family.

Mr. Dechene: Did you say anything?

Mr. McCullough (Moose Mountain): I said they were given $50 a family to move up from our settlement.

Mr. Dechene: It is people like you that prevented this country from going ahead. The hon. member is a defeatist or a poltroon, one of those who, after the first world war, began to agitate and to tell the people how unhappy they were, that our country was no good, that we were all broke. That agitator, a man who has meagre political capital, has used this policy of discouragement to achieve his own end. He is one of the men who prevented those railroads from being built. But today I am still pleading for those railroads to be built.

The same argument was used in a letter to my hon. friend from Vegreville a few months ago; a line north of the Saskatchewan river would serve part of his constituency. It was stated that it had not been proved to the satisfaction of the Canadian National Railways that the building of that gap of 39 miles from Bonnyville to St. Walburg and from Heinsburg to Frenchman Butte in Saskatchewan would produce enough revenue to warrant its construction. Well, why did they not use that argument when they built that part of the Canadian National in northern Ontario, where you can travel for a whole day without even seeing a rabbit? If the argument was good with respect to this gap, surely it would be worth something in northern Ontario.

About a month ago two ministers of the crown in Alberta went for a trip on the Canadian Pacific Railway to a place called Marwayne. This will be interesting to the Minister of Transport and to the Canadian National Railways. They told the people of Marwayne that a new bridge was going to be built over the Saskatchewan river at Lea Park, about 35 miles down the river from Elk Point, to provide another bridge between Edmonton and the boundary of Saskatchewan for the transport of agricultural products. And, sir, they stated that in one year over 10,000 head of cattle had crossed the river by ferry to go to the Canadian Pacific Railway south of the Saskatchewan river. That

business was lost to the Canadian National Railways, and that is only one example. All the grain must cross the river, and so must other products.

There is a line in the province of Alberta that went about half way between the river and what they considered was the productive part of Alberta. Later on the Canadian Pacific Railway came along and obtained a charter to build from the Cut Knife and Lloydminster country, in between the C.N.R. and the river, to Edmonton. I think I would be safe in saying they took 70 per cent of the trade or business in that part of the country. The Canadian National Railways are watching the whole thing getting away from them while we are appealing to the government to have this gap closed. They say that the closing of this gap of 39 miles would not prove to be a paying proposition.

I hold in my hand three resolutions, but I shall not read them all. At the time they were presented I was a member of the opposition, and hon. members know how easy it is for a motion from the opposition to carry in the house. These resolutions are dated 1932, 1934 and 1935. In order to save time I shall read the shortest one, which is dated 1932:

Moved by Mr. Dechene, seconded by Mr. Falconer:

He was the provincial member for Athabaska. He is still living.

That this assembly regrets the decision of the dominion government not to proceed with the construction of the extension of the Bonnyville-St. Walburg and the Heinsburg-Frenchman Butte lines of the Canadian National Railway lines from Edmonton to St. Walburg and Edmonton to Turtleford;

That under existing conditions the farmers of all that great district north and east of Edmonton have no direct access to eastern markets and are compelled to pay a back-haul on all the products shipped out and on merchandise imported into that district;

That a large number of settlers induced to settle in the districts to be served by the proposed lines will find themselves in a precarious position, and a large percentage of them, in need of relief;

That we respectfully urge the dominion government to reconsider the matter and to proceed with the construction of the said lines during the coming season.

The debate continued.

The motion being proposed Mr. Speaker declared the motion carried.

Nothing was done, and I am still here pleading for those settlers. I assure the ministers, the Canadian National Railways and the Canadian Pacific authorities, that I am seeking no political benefit out of this request presented on behalf of those farmers and those pioneers. In spite of that, they made good. With the courage of the western people, with the pioneering spirit of those men and women, they made good in spite of the fact that they were so far away from the railroads. They came from the dry belt, with nothing whatever when they came there except old, worn-out horses and some wagons and a few head of cattle that were hardly able to walk, and in spite of the fact that they were this distance from transportation facilities they made good. But they still need those transportation facilities for which, sir, I have the privilege tonight to plead.

I may not long be able to speak on behalf of these people in this parliament of Canada. However, as long as God lends me life I intend to continue the work I began, because I was one of the men who went to Edmonton and then came to Ottawa in order to induce the railways run by the government to act on behalf of this great country to the north, east and west of Edmonton. There is an empire in the making there.

The other day a man who should know—let me mention his name; it was Mr. Sweezey from Montreal—wrote an article in the press in which he pointed out that the tremendous coal resources out west were not going to remain idle. He is one of the experts in this line. He said that with the immense quantity of coal we have in the west and in Alberta, power could be produced cheaper at those mines than could even be produced with white hydro, and he should know. The Calgary Power Company is building one of its largest units west of Edmonton, at Lake Wabamun. It will be completed shortly and will eventually develop some 350,000 horsepower right on top of a coal mine, because they know that the coal available is so extensive that it will last almost forever, and such a plant is so much cheaper to build and operate.

I should now like to speak about gas. When the natural gas question comes up I may have something further to say on it. When I come from home to Edmonton I drive through the Redwater oil field, and almost as far as you can look you can see the gas burning. They have to do it. When they hit the oil they pipe the gas away from it in another pipe, and they have to burn the gas to get rid of it. They have no way of using it. Well, they are doing that. They are burning the gas while we are talking about bringing it to the people of the east who need it.

When I was a young fellow 52 years ago, I went down the Athabaska river. It was a great trip. Old Captain Shott was the captain. His name was Fosseneuve, but because he was the first man ever to shoot the rapids of the Athabaska they called him Captain Shott. The name remains even to this

day. His children and his grandchildren are called Shott. We went down the McMurray. It looked as if you were at the end of the world. I never thought I would reach there, but I did, and I am the representative of those people in this house tonight. I think of Fitzgerald, McMurray and Waterways. There you will find the greatest reserve of oil in the world. I refer to a report of the United States bureau of mines and of our own bureau of mines in Ottawa.

The officials will tell you that this is not a dream, nor is it a guess. They have found bituminous sands all over the country. They estimate that at least 500 billion—not million—barrels of oil will be available when they have found the way to separate the sand from the oil. It can be done. I said in this house some years ago that if these reserves had been in Germany at the time of the second world war they would have used the oil for their war machinery. All this potential is just 350 miles from Edmonton.

There is also there enough tar available to pave every road, street and lane in Canada. We continue to import tar from Trinidad and other places. Billions of tons of tar are available. Do you wonder at my asking for the floor tonight in order to bring this matter once again to the attention of the people of Canada and their elected representatives? This is the dream of my youth, the prosperity of this great land to the north and to the west with its vast possibilities. This is the great challenge to our young people.

I remember talking over the radio a short time ago in answer to an agitator, a demagogue who told us we could not do anything. I said we had heard that story back in 1920 after the first great war, and we heard it after the second world war. I say to them now that you do not have to look to the east, west, north or south; you merely have to look at what is staring you in the face in this wonderful land of ours with its incredible resources and indescribable wealth. This is indeed a challenge to our young men and women. I wish I were young so I could devote some more years of my life to bringing about the completion of the railway lines and help to develop Canada's resources for the welfare of the whole country. God in his wisdom knows best.

The other day I picked up a great newspaper, the Toronto *Star Weekly*. I found an article written by Harold Hilliard. The author writes from Skagway, Alaska, following a tour through the northern part of Alberta. I should like to quote one paragraph from this article:

> The railroad proposal closest to reality is one which the federal government and the Canadian Pacific Railway have under active consideration. It involves a 350-mile extension of an existing line which terminates at Waterways, Alberta.

That is in the constituency of Athabaska.

> It will be pushed north to the shores of Great Slave lake in the Northwest Territories. Here Consolidated Smelters of Trail, B.C., a Canadian Pacific Railway company, is reputed to have proven what may be the world's greatest deposit of lead and zinc.

The railway to develop Great Slave lake should be built from no other place but Fort McMurray-Waterways, because that is the end of the navigable water on this route. I hope there is some truth in the plan as outlined in this paper.

I hope I was not wrong in asking for the floor tonight; I know I am speaking under a handicap. Hudson bay to the Pacific, Port Arthur and Fort William to the Pacific; that is the country to develop, 1,000 miles of it. Millions are waiting for this through transportation line which should have been built long ago. We are surprised that Americans come here; perhaps they will build the line if we are unable to do it.

I should like to conclude my remarks with a thought I expressed on a previous occasion, and which now comes to mind again, sir. My thought refers to the incredible wealth and beauty of the land and the lakes which will soon be free from their shroud of ice and snow under the smiling sun of Alberta. The province is frequently referred to as sunny Alberta. When the beneficent being who attended to the work of all creation, who cast the stars, the comets and planets into limitless space and created all earth, and who then created men and women to inhabit it came to rest on the seventh day and cast a look upon his work and declared himself satisfied, I am sure that at that moment he had a glimpse of the beauties of the Athabasca and Peace river country.

Mr. Hayden Stanton (Leeds): Mr. Speaker, I shall try not to be repetitious in the few remarks I wish to make in regard to the disappointments of the budget, but I do wish to bring to the attention of the government certain problems that are plaguing the people of Canada, and more particularly the people of eastern Ontario.

The budget may be classed as something old and nothing new; something old because apparently the minister reached into last year's bag and drew out the same old 1955 budget; nothing new, for no doubt he is following the tactics of his predecessor, to

enable him to open the cupboard door and bring out a nice, large, juicy bone for next year's election.

The provinces of Canada are disappointed, the municipalities are disappointed and the people are disappointed. Now that the gross national product is increasing each year, and in all probability will show a substantial increase in 1956—indeed it has been estimated by the minister that the gross national product for the year 1956 will be $2 billion more than in 1955—surely the taxpayers are entitled to an easing of taxes, if a moderate amount of economy were practised.

I believe that if taxes were eased a certain amount it would stimulate production to such an extent that revenues would be even greater. A good illustration of this was the reduction of 5 per cent in the excise tax on automobiles last year. The minister forecast that the decrease would lower the revenue by $26 million; instead it increased sales to such an extent that the excise revenue increased by $8 million. We must admit that taxation can be so high that it creates a damaging effect on the ability of the people to buy, and when that happens the prosperity of a country begins to slip. I contend that the more money the people have the more they will buy, and the more they buy the more revenues will be collected. I think the government would be well-advised not to tax the people beyond their ability to buy.

I should like to make a few remarks in regard to the income tax. We know that the income tax is here to stay. It is one medium the government has in order to collect revenue, and we accept it; but I do think all medical and hospital expenses should be deductible. It is not reasonable that a taxpayer with a medical bill up to a certain percentage of his net income, and which is absolutely unavoidable, should not be able to deduct it as an expense.

We hear all kinds of complaints, especially from the small towns and rural districts, regarding the tax inspectors chasing the people for years back before they can obtain a clear receipt for taxes paid.

I contend that this should not be. Surely the staff is large enough now to process the tax returns within a reasonable length of time and give the taxpayer a clear receipt except in the case of fraud. The people are getting sick and tired of having a couple of inspectors calling on them long after they have either lost their receipts or forgotten the information they are asked for. If only one inspector called perhaps they would not mind it so much, but when the department wastes money sending two it really gets them down, and they generally use language beyond repeating.

When the justice department send the police to pick up a person for some minor offence they send one officer of the law; when it is an armed thief or murderer, they send two. When the income tax department desires some information they send two inspectors. One would think they were dealing with hardened criminals, or that they have lots of money to throw away in administering the act. The extra taxes they collect in reassessing the people called upon would scarcely pay the two inspectors and their expenses. Such actions are what make the residents of the small towns and rural districts so blazing mad.

Now I would like to say a few words in regard to the decentralization of industry. In the past factories have been built in areas where power was cheapest and easiest to obtain, such as the Montreal and the Niagara districts. Now we have an abundance of power in other localities of Canada. I cannot help but think of eastern Ontario, where we shall have an abundance of electric power with the completion of the St. Lawrence seaway and we hope in the near future that gas will be available with the completion of the gas pipe line. We also have excellent transportation by highway, rail and seaway. So why conglomerate our industries and populations of hundreds of thousands of people in a few square miles when we have the wide open spaces with all the facilities necessary for expansion? What is more inhuman than for our children to be closed in, with no place to play, and no place to give vent to their young, active lives. I believe schools should not be too large but should have good large playgrounds so that children can play and get better acquainted with one another.

The government should encourage industry to locate in those provinces that we might term "have-nots" by helping them create services that would entice factories to build within their borders. Then we would have a balanced industrial activity and a balanced economy all across Canada.

We have heard a great deal this session concerning scholarships and bursaries for the most intelligent students. This is perfectly all right and should be encouraged in order to help them with their future studies, especially those students with moderate financial means. But let us not forget the students of fair to medium intelligence, and let us not forget even the children who are slightly retarded. Every child has certain talents which if helped and encouraged will create

in him the ability to take his place and contribute to the economic activities of the country in which he lives.

This brings us to a situation to which immediate thought must be given by the senior government. Educational needs are so great now and are increasing so rapidly that in the next ten to twenty years thousands more classrooms will be required to accommodate the pupils, and it is getting beyond the financial ability of the municipal and provincial levels of government to cope with the situation. The time has come—in fact it is overdue—when the federal government, which collects more than 70 per cent of the taxes, must come to the rescue of the lower levels of government in order to provide the education that our children should and must receive.

Coming back to my constituency, I should like to refer to a remark made by the hon. member for Kingston (Mr. Henderson) on March 16, and I quote from page 2233 of *Hansard:*

> In this area between Toronto and Montreal, outside of the two metropolitan cities, I do not think there is any station to be proud of. In most instances they are not exactly attractive and their services are inadequate.

And again:

> I have had a good deal of experience in going to police stations and interviewing clients who are held in custody, and I must say that their waiting rooms are much more comfortable.

How well we know this statement to be all too true. Kingston station I know is not what it might be, but the most dilapidated one along the whole line between Toronto and Montreal is at Brockville. If it were not for the excellent stationmaster we have there the station would be overrun with termites and perhaps other insects. It is a disgrace to a small town, but when we consider that it is supposed to accommodate the needs of a growing city, well, it is beyond imagination.

At this point I should like to read one of many letters I have received, not only from residents of Brockville but from visitors to Brockville. This particular letter reads:

> I have just arrived in Brockville on the C.N.R. train No. 8, and have learned that this train, on orders from high authority, is forced to run four blocks past the station.
>
> As a revenue-paying passenger and taxpaying citizen of Canada, I most indignantly must complain of this sort of accommodation, not only to citizens of Brockville but to the public at large.
>
> I most certainly would love to see Mr. Gordon, the president of this government-administered road, trudging four blocks in 90° heat. It is a contemptible insult to visitors and citizens of this community, and a poor advertisement for a railroad of any description, and as far as I am personally concerned it has finished my patronage of the C.N.R.
>
> This is something that should be taken into consideration by honourable members of the house, especially in the face of the heavy subsidies that the taxpayers of Canada are called on to pay into the haphazard operation of the C.N.R.

That is just one of many complaints I have received from travellers on that line running into Brockville. We are also greatly in need of a subway, because the traffic situation is desperate. Above all things we need in Brockville a subway to alleviate a dangerous situation, and a station so that passengers will not have to walk two blocks back to the taxi stand and station. I hope the government will give this immediate consideration, for if they do not they will be leaving it for a Conservative government to do after the next election. I see some hon. members across the way smiling, but I cannot help comparing my leader to none other than King Bruce. I know many of them have read that poem which reads in part:

> King Bruce of Scotland braced his mind
> And gossips tell the tale,
> He tried once more as he had tried before,
> And that time he did not fail.

My constituency being 50 per cent rural, I would be most remiss if I did not bring to the attention of the government the many difficulties our people are experiencing at the present time. Leeds is strictly a dairy county, and I am sure the farmers are grateful for the announcement of the right hon. Minister of Agriculture that the floor price of butter is to be maintained at 58 cents per pound. But however welcome that announcement was it does not cure all the ills.

For several weeks during the first part of this session we listened to the difficulties of the wheat growers, and the members from the east supported them in their troubles. But the farmers in the east, especially the dairy farmers, when they read of the aid given to the prairies in the form of P.F.R.A., P.F.A.A., Crowsnest freight rates, help in relation to storage charges, guaranteed bank loans, etc., are beginning to wonder if they are not the forgotten farmers. I sometimes wonder myself why it is. Is it because we in the east do not holler loud enough, or is it because since 1911 we have not had a minister of agriculture who knows our problems?

The dairy farmer built up a wonderful industry during the late nineteenth century and the early part of the twentieth century by receiving protection against foreign dairy products. If they are to survive they must now receive even greater protection. The different dairy councils and associations have asked, and rightly so, for a duty on cheese and milk powder of at least 4 to 5 cents per pound. Otherwise we cannot possibly compete with New Zealand and other warm countries. When several million pounds of New Zealand cheese

came into Canada, much below the price of Canadian cheddar cheese, did the consumer receive the benefit of a lower price tag on the cheese they bought at the grocery? No.

I should like at this time to give figures concerning one of the milk plants in my constituency. We have three milk plants in the county of Leeds, together with many cheese factories, and I should like to give these figures to show the members of this house, and I hope the people of Canada, the decreased revenue of the farmers. In this one plant in 1951 the average price of milk was $3.15 per hundredweight; in 1952 it was $2.75; in 1953 it was $2.33.

Mr. Deputy Speaker: Order. The Clerk having informed me it is 9.45 p.m., it is my duty to interrupt the proceedings and forthwith put the question on the amendment.

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

YEAS

Messrs:

Aitken, Miss
Argue
Barnett
Bell
Blackmore
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Drew
Dufresne
Ellis
Fairclough, Mrs.
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Hahn
Hamilton (York West)
Hansell
Harkness
Herridge
Hodgson
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knowles
Macdonnell
MacLean
McBain
McCullough (Moose Mountain)
McGregor
McLeod
Michener
Mitchell (London)
Monteith
Nowlan
Pallett
Patterson
Perron
Poulin
Quelch
Rea
Regier
Robinson (Bruce)
Rowe
Small
Smith (Battle River-Camrose)
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Zaplitny—66.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Batten
Beaudry
Benidickson
Bennett
Bertrand
Blanchette
Boisvert
Bonnier
Bourque
Breton
Brown (Brantford)
Brown (Essex West)
Bruneau
Campney
Cannon
Cardin
Caron
Cavers
Clark
Cloutier
Dechene
Decore
Demers
Denis
Deschatelets
Deslieres
Dickey
Dumas
Dupuis
Enfield
Eudes
Eyre
Fairey
Follwell
Fontaine
Fraser (St. John's East)
Gardiner
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Goode
Gour (Russell)
Gregg
Habel
Hardie
Harris
Healy
Hellyer
Henderson
Henry
Houck
Huffman
James
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Lusby
MacDougall
MacKenzie
MacNaught
McCann
McCubbin
McIlraith
McIvor
McMillan
McWilliam
Maltais
Mang
Marler
Masse
Menard
Meunier
Pearson
Philpott
Pickersgill
Pommer
Prudham
Purdy
Ratelle
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rochefort
Rouleau
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Sinclair
Stick
Stuart (Charlotte)
Thibault
Tucker
Viau
Weaver
Weselak—115.

Mr. Speaker: I declare the amendment to the main motion lost.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall take the estimates of the Department of Public Works tomorrow. On Monday we shall take the resolution with respect to the trans-Canada highway, the resolution with respect to the St. Lawrence seaway and any other resolution standing in the name of the Minister of Transport. On Tuesday we shall, I hope, conclude this debate.

It being three minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NAVIGATIONAL SIGNALS, ST. LAWRENCE RIVER AND HALIFAX HARBOUR

Question No. 224—**Mr. Balcom:**

1. How many navigational light and fog signals are in operation on the gulf of St. Lawrence, including the river St. Lawrence?
2. What was the cost of operations and maintenance during the fiscal year 1954-55?
3. How many navigational light and fog signals are in operation off the Atlantic coast in the vicinity of Halifax harbour?
4. What was the cost of operations and maintenance?

Answer by: **Mr. Marler:**

1. 62.

2. Accounting records of operation and maintenance costs are not maintained on a break-down basis for individual stations.

3. 5.

4. Answered by No. 2.

INDIAN AFFAIRS—LOANS TO BANDS

Question No. 317—**Mr. Bryson:**

1. What are the names and location of bands or groups of Indians that have received loans under section 69 of the Indian Act?
2. What is the total amount of such loans outstanding at the present time?

Answer by: **Mr. Pickersgill:**

1 and 2:

Name of band	Agency	Province	Amount of loan	Amount outstanding
			$	$
Lennox Island band	P.E.I.	P.E.I.	3,000.00	Nil
Lennox Island band	P.E.I	P.E.I.	3,500.00	Nil
Eskasoni band	Eskasoni	N.S.	2,000.00	Nil
Shubenacadie band	Shubenacadie	N.S.	5,000.00	Nil
River Desert band	Maniwaki	Quebec	5,000.00	Nil
Abenakis of St. Francis band	Pierreville	Quebec	5,000.00	Nil
Abenakis of St. Francis band	Pierreville	Quebec	5,000.00	Nil
Montagnais of Seven Islands band	Seven Islands	Quebec	3,000.00	Nil
Montagnais of Seven Islands band	Seven Islands	Quebec	3,000.00	Nil
Chippewas of Beausoleil	Christian Island	Ont.	4,000.00	3,090.11
Algonkins of Golden Lake band	Golden Lake	Ont.	3,000.00	30.32
Rupert House band	James Bay	Ont.	5,000.00	Nil
Eastmain band	James Bay	Ont.	7,500.00	Nil
Deer Lake band	Sioux Lookout	Ont.	10,000.00	6,000.00
Mohawks of the Bay of Quinte band	Tyendinaga	Ont.	1,000.00	939.91
Valley River band	Dauphin	Man.	7,500.00	3,186.98
Sandy Bay band	Dauphin	Man.	10,000.00	9,322.54
Birdtail Sioux band	Portage la Prairie	Man.	600.00	Nil
Keeseekoowenin band	Portage la Prairie	Man.	800.00	Nil
Rolling River band	Portage la Prairie	Man.	800.00	Nil
Waywayseecappo band	Portage la Prairie	Man.	1,000.00	Nil
Oak River band	Portage la Prairie	Man.	1,650.00	Nil
Oak Lake band	Portage la Prairie	Man.	1,050.00	Nil
Sweetgrass band	Battleford	Sask.	3,809.00	Nil
Little Pine band	Battleford	Sask.	3,809.00	Nil
Little Pine band	Battleford	Sask.	4,350.00	Nil
Muskeg Lake band	Duck Lake	Sask.	2,750.00	Nil
Sandy Lake band	Duck Lake	Sask.	3,000.00	Nil
John Smith band	Duck Lake	Sask.	3,500.00	Nil
One Arrows band	Duck Lake	Sask.	4,176.00	Nil
Beardy's band	Duck Lake	Sask.	5,000.00	Nil
Witcheken Lake band	Duck Lake	Sask.	7,500.00	Nil
Carry-The-Kettle band	File Hills–Qu'Appelle	Sask.	4,100.00	Nil
Standing Buffalo band	File Hills–Qu'Appelle	Sask.	510.00	Nil
Peepeekisis band	File Hills–Qu'Appelle	Sask.	2,725.00	Nil
Piapot band	File Hills–Qu'Appelle	Sask.	400.00	Nil
Carry-The-Kettle band	File Hills–Qu'Appelle	Sask.	5,000.00	Nil
Meadow Lake band	Meadow Lake	Sask.	5,000.00	Nil
Onion Lake band	Meadow Lake	Sask.	5,000.00	Nil
Onion Lake band	Meadow Lake	Sask.	2,500.00	Nil
Meadow Lake band	Meadow Lake	Sask.	5,000.00	Nil
Joseph Bighead band	Meadow Lake	Sask.	5,000.00	2,950.30
Joseph Bighead band	Meadow Lake	Sask.	2,500.00	1,314.04

Name of band	Agency	Province	Amount of loan	Amount outstanding
Onion Lake band	Meadow Lake	Sask.	2,686.45	Nil
Sturgeon Lake band	Carlton	Sask.	5,775.25	Nil
Keesekoose band	Pelly	Sask.	2,615.00	Nil
Nut Lake band	Touchwood	Sask.	3,500.00	Nil
Kinistino band	Touchwood	Sask.	3,900.00	Nil
Nut Lake band	Touchwood	Sask.	5,000.00	Nil
Nut Lake band	Touchwood	Sask.	2,500.00	Nil
Poorman band	Touchwood	Sask.	4,000.00	Nil
Alexander band	Edmonton	Alta.	1,500.00	Nil
Montana band	Hobbema	Alta.	1,545.00	Nil
Cold Lake band	Saddle Lake	Alta.	2,600.00	Nil
Keeheewin band	Saddle Lake	Alta.	2,500.00	1,469.99
Kispiox band	Babine	B.C.	2,500.00	Nil
Kitamaat band	Bella Coola	B.C.	2,000.00	Nil
Bella Coola band	Bella Coola	B.C.	10,000.00	Nil
Gitlakdamix band	Skeena River	B.C.	1,500.00	Nil
Kincolith band	Skeena River	B.C.	2,500.00	2,100.00
Canyon City band	Skeena River	B.C.	1,500.00	1,260.16
Greenville band	Skeena River	B.C.	5,000.00	Nil
Musqueam band	Vancouver	B.C.	3,000.00	Nil
Williams Lake band	Williams Lake	B.C.	2,500.00	Nil
		Total	232,650.70	31,664.35

FERRY "WILLIAM CARSON"

Question No. 355—**Mr. Nowlan:**

1. During the calendar year 1955, how many (a) passengers; (b) automobiles; (c) tons of freight, were transported by the ferry, *William Carson*, (i) from Nova Scotia to Newfoundland; (ii) from Newfoundland to Nova Scotia?

2. What was the total amount of money paid out during the calendar year 1955, for the operation, maintenance and servicing of the said *William Carson*?

Answer by: **Mr. Marler:**

1. (a) None; (b) None; (c) (i) 19,192; (ii) 3,015.

2. During the calendar year 1955 total expenses for the operation, maintenance and servicing of the M. V. *William Carson* were $435,367.

HOUSE OF COMMONS

Friday, April 13, 1956

The house met at eleven o'clock.

LABOUR CONDITIONS

RAILWAYS AND NON-OPERATING UNIONS—CONCILIATION BOARD REPORT

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I wish to announce that I received yesterday the report of the conciliation board which I appointed on December 6, 1955, under the authority of the Industrial Relations and Disputes Investigation Act, to deal with the dispute between the management and the non-operating unions of Canada's railways.

The report of the board was signed by the chairman, Mr. Eric Taylor, and the nominee of the unions, Mr. David Lewis. A minority report was signed by Mr. Paul Smith, the nominee of the employers.

In accordance with usual practice, copies of this report were made available to the parties concerned, and were in their possession at nine o'clock this morning.

Copies of the report are being released to the press this morning.

[*Later:*]

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Labour if he could give the house any of the details of the majority report to which he referred a moment ago. Will copies of the majority and minority reports be made available to members of the House of Commons?

Mr. Gregg: Well, Mr. Speaker, in my department we receive a great many reports from conciliation boards. Since I have been Minister of Labour we have not had occasion to table any such reports in the house and, as far as I know, before that time it had not happened. I do not think I would like to be put in the position of having it made mandatory that every board's report should be tabled, but in view of the public importance of this matter, sir, if you tell me it is the wish of the house and if we may revert to motions, I would be willing to table the report.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I think this is of sufficient public importance. It is on quite a different level from most other reports received by the minister and therefore I think copies should be provided to the members of the House of Commons since they have already been provided to the press.

Mr. Speaker: Under the circumstances, the minister may just hand over the report to the Clerk and it will be considered as having been tabled.

[*Later:*]

SAINT JOHN, N.B.—UNEMPLOYMENT SITUATION

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): May I direct a question to the Minister of Labour, with respect to my question of April 10? In view of the further representations, is the minister now in a position to give a report on the more than usual lay-offs at the Saint John drydock?

Hon. Milton F. Gregg (Minister of Labour): I can do no more this morning than to report progress in so far as our national employment offices are concerned, in helping to find employment for those employees who for shorter or longer periods require to do other work, but I shall continue to confer with my colleagues on the matter of employment in the drydocks themselves.

FINANCE

BANK OF CANADA—PURPOSE OF INCREASE IN DISCOUNT RATE

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I should like to address a question to the Minister of Finance. Now that the central bank rate in the United States has been raised, could the minister be a little more communicative as to the significance of the recent rise in rate of our own central bank? May I remind him that it was made perfectly clear that it is the finance department which controls these matters.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I do not think I should add more to the answer I made the other day. Early in the session I was asked by an hon. member, I forget at the moment who it was, if the governor of the Bank of Canada would be made available for the banking and commerce committee. I said he would and he is anticipating a discussion of monetary policy.

Inquiries of the Ministry

Mr. Macdonnell: Well, Mr. Speaker, does that deprive us of the right of asking questions of the minister who, after all, is the head of the department? The head of the bank, as we have been told, is in effect an employee of the treasury department.

Mr. Harris: I do not think, Mr. Speaker, anyone would seriously expect me to make a reasoned statement about monetary policy on the orders of the day. If my hon. friend is not satisfied with the proceedings of the banking and commerce committee, of which he is a member, I would be glad to discuss it on my estimates.

[*Later:*]

On the orders of the day:

Mr. Macdonnell: Mr. Speaker, I wish to return to my question. I wish to ask the minister again whether he thinks that this matter, which is of immediate significance to a very large number of business people in Canada, is a matter which should be left for days or even weeks to be discussed in the banking and commerce committee? Does he not think that this is a matter the significance of which should be expressed at this time to this house?

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I should like to address a question to the Minister of Finance. The minister mentioned that the governor of the Bank of Canada would appear before the banking and commerce committee. Will the minister indicate when he will appear and under what item?

Mr. Harris: Of course it is up to the committee to decide its order of business, but I would expect that the governor would appear before the banking and commerce committee when the report of the Bank of Canada is being discussed.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I have a further question on the same subject. May we take it from what has been said by the Minister of Finance that the government has abdicated its responsibility to declare policy and is leaving that to the governor of the Bank of Canada?

Mr. Harris: The same answer to the same question last week; no, sir.

Mr. Drew: Will the minister tell us now what the policy of the government is with regard to the discount rate, as was previously asked?

Mr. Harris: As I have said, I would have no time to do that on the orders of the day.

[Mr. Harris.]

Mr. Drew: Pursuing that, when will the minister avail himself of time to give us an answer in regard to this extremely important matter?

Mr. Harris: I thought I made it clear that monetary policy has in the past been discussed at some time in the banking and commerce committee whenever that committee felt it was desirable to do so. We anticipated that there would be a request for this information during this session and some time ago it was understood that the governor of the Bank of Canada would make himself available before the committee to discuss this very point. As I have said, if my hon. friend feels after that that there are matters of policy which ought to be taken up in the house I shall be glad to provide time in which to do it. May I point out that as far as I can see now there would be no opportunity except on my estimates, although perhaps it can be arranged.

Mr. Drew: Will the minister not agree that policy in this matter is something that affects a very large number of Canadians who have depended on the assurances of the government in regard to investments they have made in government securities.

Mr. Diefenbaker: Is there a policy?

Mr. Drew: That being the case, will the minister not agree that it would be appropriate that the government, which is responsible for policy, should declare its policy in this respect at this time?

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I wonder if I could ask a supplementary question. Can the Minister of Finance assure the house that there will be no general increase in bank interest rates between now and the time the discussion to which he has referred takes place?

Mr. Harris: No, I cannot give any such undertaking.

SEARCH AND RESCUE

REPORTED DISBANDING OF SERVICE ON BRITISH COLUMBIA COAST

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Transport. Is the minister in a position to comment on a statement carried in this morning's press with respect to the fact that the rescue service on the British Columbia coast may disband?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I unfortunately did not read the report in the Montreal paper. It was mentioned to me and I have not had an

opportunity either of reading it or of verifying the facts, but I shall do so without delay.

PIPE LINES

REQUEST FOR DETAILS OF ALTERNATIVE PROPOSALS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce and ask him whether he would place before the house the offer reported to have been made by Gairdner and Company Limited as an alternative to the trans-Canada pipe line proposition now before the house? Would the minister also table any offer received from the company, and also the one from the McMahon interests relative to this matter?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I shall be glad to table any documents I have. I have two documents from Gairdner and Company which I shall table; I have no documents from the McMahon interests. Perhaps my hon. friend will reciprocate by tabling copies of his correspondence with Mr. R. T. McElerny of the American Natural Pipe Line Company and also his correspondence with Mr. John Merriam of Northern Natural Gas Company.

Mr. Diefenbaker: Mr. Speaker, if I were to follow the usual practice of the government I would say that it is not in the public interest. I do not want this matter to degenerate into a debate. Will the minister produce the offer by Gairdner and Company instead of facetiously trying to wipe it aside with the remark he has just made.

Mr. Howe (Port Arthur): Not at all. I will produce the documents from Gairdner and Company but will the hon. member produce the correspondence to which I have referred?

Mr. Diefenbaker: Yes. Any correspondence I have I shall table if the minister will place these other records before the house. I have no objection to tabling any correspondence because it will be in the public interest and for the enlightenment of Canada to know exactly the attitude of the various companies. Is the minister going to table those documents?

Mr. Howe (Port Arthur): Yes.

DISABLED PERSONS

INQUIRY AS TO DRAFTING OF REGULATIONS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with your permission I should like to momentarily probe the encyclopædic mind of the Minister of National Health and Welfare. In view of the widespread curiosity and interest in the question, would the minister inform the house who was responsible for drafting the regulations covering the Disabled Persons Act?

Hon. Paul Martin (Minister of National Health and Welfare): I thank my hon. friend for giving me notice of his intention to ask this question, which I understand is prompted by a statement that is alleged to have been made by a member of the government of British Columbia, that the regulations regarding the disability allowances were framed by the federal government alone. I thank my hon. friend for giving me the opportunity of saying that the regulations governing the disability allowances were framed at a dominion-provincial conference and represent the collective will and judgment of those provinces and the federal government at that conference, at which British Columbia was represented.

[*Later:*]

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to ask a supplementary question of the Minister of National Health and Welfare. Would the minister care to indicate whether the provinces were in full agreement with the proposal that was submitted at that time, and whether a protest was not made by these governments that the submission by the federal government did not equate with what the provinces had in mind?

Mr. Martin: In answer to my hon. friend's question, there were some aspects of the regulations that were not acceptable to all parties to the conference. The federal government did not agree with some proposals, and certain provinces did not agree with some proposals that were in the majority shared by others, but I am not aware that the province of British Columbia objected to the particular regulation complained of. What I am saying now is that it is not in the interests of good government in this country for a particular minister of the government of British Columbia to suggest that the regulations administering this matter were framed entirely by the federal government, when the fact is that the government of British Columbia, like the government of every other province, was responsible for the regulations and must in fairness share both the blame and the credit.

TRANSPORT

FERRY "BLUENOSE"—INQUIRY AS TO RESUMPTION OF SERVICE

On the orders of the day:

Mr. G. C. Nowlan (Digby-Annapolis-Kings): May I direct a question to the Minister of Transport? Could the minister say when the

queen of his fleet, the *Bluenose,* will be resuming regular schedules?

Hon. George C. Marler (Minister of Transport): I shall have to take my hon. friend's question as notice. I shall make inquiries and give him another opportunity of discussing this subject, which is so dear to his heart.

Mr. Nowlan: It is dear to the people of Nova Scotia, more so than to the minister, apparently.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

344. Departmental administration, $1,128,150.

The Chairman: May I advise hon. members that they will find this vote on page 59 of the blue book of estimates and they will find the details on page 450.

Mr. Hodgson: Is the minister going to make a statement at this time?

Mr. Winters: No, Mr. Chairman, I have no statement to make. I shall follow my usual practice of answering questions to the best of my ability.

Mr. Hodgson: In going over these estimates I cannot help but say that the department is improving with age. Their business seems to be in better order this year than it was last year, and last year was quite an improvement over previous years. There is a decrease of almost $5½ million in the amount of the department's estimates this year which is probably as it should be because in previous years there would be large amounts in the estimates and the department would get very little of the work done. I must say that in the last two years the department, when it has the money available in an estimate, has been getting more of the work done and keeping the work more up to date.

So far as my own riding is concerned, the department always seems to be about two or three years behind. I cannot say that is the fault of the minister or of the deputy minister. Other factors enter into the situation. However, we are thankful for small mercies, and we can always look forward to something better and bigger. We do appreciate the two little post offices they are trying to construct. They were supposed to be constructed this year but I think the work will now carry on into next year. I thought we would get them last year. The department should bring things up to date and use a little more speed. Most of the decrease in the estimates is represented by one item.

[Mr. Nowlan.]

I see that there is an amount of $35 million odd for the trans-Canada highway. That seems to me to be pretty small having in mind the amount of work that should be done on the highway each year. The minister may say it is the fault of the provinces that not enough work is being done. As I see it, the department is not doing enough work and providing enough money for this project. The highway has been under construction for some six years now and there is legislation before the house to extend the time of construction for another six years. This is a federal highway and by the end of another six years the part of the highway constructed in the first few years will be worn out unless the government takes hold of the situation and makes it a federal highway from coast to coast.

So far as the provinces are concerned, all the provinces now have more roads to look after than they can handle. There is an increase in road transportation. The number of cars has doubled in the last six years. The number of trucks has more than doubled and the weight of the loads carried by the trucks has increased. Speed of vehicles is also increasing. I am sure the minister and the government would be proud to say that we have a good trans-Canada highway but if the government wants such a highway the department must do more towards its construction. If they have not got the know-how or the ways and means to build the trans-Canada highway they should give the provinces more money. They should pay at least 90 per cent of the total cost of the road right across the country. As I said before, if something more is not done quickly and better construction provided great portions of the highway will be worn out before the last part is completed.

The minimum width of the highway is 22 feet. Six years ago a width of 22 feet did not sound too bad, but with two lines of traffic travelling along a highway with a 22 foot top, one going east and one going west, the wheels of the vehicles run along in about the same place on the highway with the result that the highway wears out much more rapidly. I think many parts of the highway should have a 30 foot top and some parts should have four lanes.

As for the provinces putting up very much money for the building of the highway, it is not possible. I think Ontario is representative of all the provinces and Ontario has more north and south roads than it can maintain. We all know that we need north and south roads just as much—and from the provincial point of view probably more—than we need a trans-Canada highway. In

Ontario the great commercial and tourist traffic is mostly north and south because our big cities are found along the lakes and rivers in the southern part of the province. I refer to Windsor, the cities of the Niagara district, Hamilton, Toronto and, farther east, Cornwall. We must not forget Port Hope, the great uranium centre. Then we go east down the St. Lawrence where there have to be bridges across the river for north and south traffic.

Then, there is the defence aspect. In case of invasion or a bomb dropping on this country and people having to be moved out of the cities, we cannot move them over to the United States because they would be in more danger there than they would be here. We cannot move them east and west, so there is only one way to move them and that is north. There are not enough aeroplane facilities to move more than a small percentage of the people out of the cities, so there is only one way to move them and that is over our highways. If we are considering our national defence situation and the moving of people out of cities in case of emergency, then we have to have north and south roads. The provinces seem to think they are responsible for these roads. If they are, and they have been spending large sums on these north and south roads, then it is up to this government to do more towards building the trans-Canada highway. A better road should be built. You have to change the set-up from what it was six years ago and you have to build a better and wider road before it will ever be successful.

As I said, the dominion government should pay up to 90 per cent of the cost of this trans-Canada highway and should get more of the construction work done. I feel this is more the responsibility of the dominion government than it is of the provinces because in the first seven months of 1955 this government collected $116 million from the motor industry in excise and sales taxes. During the same period this government only spent $15¾ million on road construction, in spite of the fact they collected about seven times that amount from the motor industry.

Then, I should like to say a word about public buildings. Last year there was a lot of talk about public buildings and some debate concerning the west block. I am not going to say anything about that now because there is a specific item under which that can be discussed. Whether or not there is some responsibility in the federal district commission, I still think that a great deal of the responsibility for public buildings lies with the Department of Public Works. We have quite a collection of temporary buildings, but they do not seem to be very temporary because they have been there for 15 years. There are some down on Mackenzie avenue. We are told that space is scarce, but you could take three of those temporary buildings and put one on top of the other and have a much better building.

There are civil servants working in these buildings, yet not one of the buildings has any provision for air conditioning. They are hot in the summer, especially the top floors, and not fit for offices. I think it is time the minister grasped the situation and did more than has been done in the past. There is no reason why these buildings should be left for another 15 years. I cannot blame this minister for more than the last couple of years in so far as this situation is concerned, or the deputy minister either. I ask the minister, when he is straightening up his department, to do something about those temporary buildings.

Then, there is the printing bureau. I cannot blame this minister for that, either. This building cost several million dollars, but when the location was chosen it was one of the worst blunders this department ever made. I do not think the blunder was made by the deputy minister or even the engineers. I believe the location was chosen by the then minister. He got paid off by a seat on the exchequer court bench, so he was very well treated for making one of the biggest blunders that has ever been made so far as buildings around Ottawa are concerned. The first year they had the thing sort of cleared out it looked more like a lake than a place on which to erect a building. If they had planted some fish in it and left them alone it would be a good tourist fishing place on the shore of the Ottawa river today. There does not seem to be any drainage, because this year the water has been backing up. The department will have to put in some new drainage system.

I also hear that some of the foundations for some of the machines are not holding up satisfactorily. I do not mean the foundations of the building, but some of the floors are not holding up well under some of the heavy machines. That is something that needs immediate consideration. I do not say you should erect a new building. The building is there. It was built in a sort of lake-swampy area. The mistake was made when that site was chosen. It was all right to build it on the other side of the river, but they could have selected higher and better ground for the building at that time. The building cost something over $13,500,000. I understand it is a long way from being completed. The department is going to have the problem of doing something

with it. The deputy minister and the minister himself should take a walk over there and have a look at the place to see if they cannot straighten it out and make a better job of it and bring it up to date.

I have nothing else to say on that subject. Last year I did make some reference to patronage. So long as you do something for my riding I do not care how much patronage you use. So long as we get a little project built here and there we shall be satisfied. The building of things that are necessary is of interest to me. The little bit of patronage that is used by the department at times does gripe a little, but never mind, we shall stand the gripes if the minister will get busy and do the things he is supposed to do, and not leave them until next year or probably the year after. It has been the habit to make the surveys one year and start construction two or three years later when an election comes around. We do not mind if you leave it until next year, but we would like to have it this year. The minister has the money and everything to do it, and there is no reason to hold it up. At least get the thing in order so that the building can be commenced next year. Start now and acquire the little pieces of ground that are necessary, make the surveys and get things started. An engineer could go up there and do the whole thing in two or three days. We would like to have it built this year. We would have liked to have it last year.

I do not like to find too much fault with the minister's department in that respect because there is certainly a great improvement over conditions of eight years ago previous to the last two years. If you can do it, make the survey and tell us that we are going to get the building next year, even if it is an election year, and we shall appreciate it.

Mr. Barnett: Mr. Chairman, I have listened with some interest to the remarks that have just been made in reference to some aspects of the estimates of the Department of Public Works, with reference to such matters as the trans-Canada highway, and so on. As the discussion of these estimates proceed some of my colleagues will be discussing such matters as that, but I do not intend to make any particular reference to those aspects at this time. However, I should like to make a few comments upon what I consider to be important aspects of the general picture of the Department of Public Works in the life of Canada today.

I can readily understand that while a couple of years ago the minister was willing to make some statement at the beginning of his estimates on administrative plans which he proposed to carry out, and which I believe he has been attempting to carry out, at this particular time he is apparently loath to give us any comprehensive statement of the operations of his department, or of the place that it should hold in the life of Canada. As I say, I can readily understand the minister's dilemma at this time because it appears to me he has been rather effectively hamstrung by the general policy of the government of which he is a member. For that reason, he is probably at something of a loss as to what he might say if he were to make an initial statement. In my humble opinion, I feel the committee has cause to extend a great deal of sympathy to the minister. I might say that my heart bleeds for him because he has been left in a position where I am sure he hardly knows whether he is standing on his head or on his feet.

Perhaps to illustrate the point of that remark I might be allowed to refer briefly to the speech which was made by his colleague, the Minister of Finance, on March 20 when he brought down his budget. I feel that some statements that were made at that time illustrate the dilemma faced by the Minister of Public Works at this time. As reported at page 2327 of *Hansard* of March 20, the Minister of Finance said:

> The blessings of an economy operating at a high level are pleasant indeed to a minister of finance but they bring with them new responsibilities for all of us. The objective should be to maintain a steady growth in economic activity without the process of expansion giving rise to inflation and instability. Consequently, in times like the present when private expenditures are expected to rise still further, the federal government itself has a special responsibility to see that its fiscal policies continue to be directed towards economic stability.

A little later on in his speech the Minister of Finance went on in effect to expand what he said as recorded on page 2327, and on page 2330, he had this to say:

> In many fields the services provided by the federal government have to expand along with the increase in population and national production. I need only mention such things as the provision of inspection services of all kinds, customs administration, trade promotion, surveys, research and the provision of transportation facilities, for example. If these services do not keep in step with public need the expansion of the economy will itself be hampered.

Well, as I listened to the Minister of Finance making that statement I must say that I found myself rather in agreement with him, but a little farther on in his speech he made a statement which I feel does illustrate the dilemma in which he

has placed his colleague, the Minister of Public Works, because he said this, at page 2331 of *Hansard*:

> The program of public works and other capital items for the coming year has been held down to immediate essentials. The main estimates which have been tabled indicate that the appropriations proposed to cover expenditures on public works and other capital items are down by nearly $10 million from the previous year.

A little later on he said:

> In proposing small expenditures for capital purposes, the government is seeking to reduce the strain on the economy resulting from the very large increase in capital expenditures which private industry is planning to make during 1956.

It struck me at the time, and I still feel my impression then was correct, after having reread the statement, that the Minister of Finance could not have more effectively contradicted himself than he did in the last two statements I have read. On the one hand he says that in an expanding economy the need for public services and the provision of facilities for the public need to be kept in line with the increase in the general economy. On the other hand, he turns around and says, "We are reducing our capital expenditures so it will not put any strain on the economy". I think that illustrates the dilemma in which the Minister of Public Works finds himself when he attempts to provide for the needs of the Canadian people in so far as the services that come under the jurisdiction of his department are concerned.

The general statement of the Minister of Finance is borne out by the figures that are recorded on the summary of standard objects of expenditure because in the public works department, under the category of construction or acquisition of buildings and works, we find the sum of $89,980,000 listed as compared with $95,678,000 that was provided in the estimates a year ago.

Just to make it clear that the item for that particular department is not out of line with the general pattern that has been established by the estimates, I might point out that the total expenditure for all departments for construction or acquisition of buildings and works, excluding the items for defence production, national defence and civil defence, is $184,905,000 for this year as compared with $187,274,000 that was provided in the estimates of last year.

The same pattern is followed in respect of items for construction or acquisition of equipment both within the Department of Public Works and in the general pattern established by the total of estimates for all departments.

It seems to me, Mr. Speaker, that in this connection the government has not only effectively contradicted itself in such policies as it has brought forward but it has made it clear that its policy is going to be one that will be continued into the future and there will be an unsatisfied back log of services for the people of Canada.

According to the Minister of Finance and and the figures he used, our economy is expanding by something like 5 per cent per annum. It would seem to me that in view of the minister's statement on page 2330 of *Hansard* to the effect that the federal government's services have to expand in many fields it would have been logical to have expected that in this year's estimates there would have been something like a 5 per cent increase in the amount provided for giving these services to the people of Canada rather than a quite substantial decrease in these items as I have pointed out.

I feel that this situation does point up the necessity of some policy along the lines of planning and investment boards which hon. members in this group have consistently advocated for the past number of years. What the Canadian people need is some sort of arrangement whereby, as the economy of the country expands and the population increases, essential government services are going to keep pace with that expansion and the amounts available for capital investment should be diverted in some orderly and rational manner so there will be an intelligent division between the amounts of capital expenditures that are made available for productive plants, and the amount that is being put into the production of services and conveniences for the people who live in this country.

In the city of Port Alberni, which is the largest centre of population in my constituency, there is a rather pointed illustration of what I have been talking about. I mention it at this time simply because I feel it does illustrate a situation which is repeated dozens and probably hundreds of times across the length and breadth of this country.

I recently had sent to me by a very prominent citizen of Port Alberni, who I happen to know has never been a political supporter of mine, a clipping from one of the local papers which showed a cartoon picture of the post office clock. As he pointed out, this clock is on top of the tower of a rather ancient looking brick structure that was put there in the year 1913, a year after the city of Port Alberni was incorporated. This clock has in effect made something of a laughing stock of the Department of Public Works and has caused many citizens in that community to view with some scepticism the effectiveness of the policies and planning of this government. This has come about owing to

the fact that after a number of years during which the clock behaved erratically—sometimes it ran and sometimes it did not—the clock finally stopped altogether and the hands were removed. The clock now sits in the centre of the town as a sort of symbol of the archaic attitude of the federal government.

This particular cartoon shows a sea gull's nest on one of the top brackets of the tower. A young sea gull has suddenly become somewhat bold and is hanging down from the corner by his two feet. The mother sea gull is looking at her young one in a rather startled fashion, and the youngster says, "Lookit, ma, no hands!"

I know this does not represent the complete picture of what the department has in mind. I suppose the Department of Public Works plans some day to erect a new building, but the irony of the situation was pointed out to me by someone who, as I say, is a very prominent citizen. The clock sits there at a time when that community is growing by leaps and bounds and when something like $60 million is being spent in that community in the expansion of pulp mills and other industrial ventures.

This particular area along with some other parts of my constituency are part and parcel of the rapid expansion of this country and the buoyant economy about which the Minister of Finance spoke in such glowing terms in his budget speech. I do not doubt that the expansion in that area is far above what would be the national average. In spite of the investment of hundreds of millions of dollars, as a symbol of the dilemma in which the Minister of Public Works has been placed by the government to which he belongs, is this old brick tower with the clock on top of it without any hands.

In taking part in the discussion of the estimates of the Minister of Public Works I want to plead that he be given a chance to do the kind of job I think he could do if the general policy of the government would permit. The same situation applies, not only in the field of public buildings but in the planning for such projects as a highway system in Canada and many other things which most likely will be mentioned during the course of this discussion.

According to the budget presented by the Minister of Finance, the federal government has control of the fiscal and monetary policies of the country. The budget gave us a rather extensive and complicated survey of the growth of the country. It is obvious to me that there has been no real thinking in an effort to remove the dilemma of providing public services to the people of Canada proportionately to the general expansion of our economy. Rather than face up to the problem, at this time the government are taking steps which will simply aggravate it. We are going behind.

Because of the lead that has been given by the federal government in connection with this particular aspect of providing public services, we find the same dilemma has percolated down to the lower levels of government, to the provincial and municipal governments. We boast about the wealth and prosperity of our country and at the same time ask hundreds of thousands of Canadian citizens to live in a completely unnecessary state of hardship because of a lack of services which our productive machinery is quite capable of providing.

This is simply a perpetuation of the pioneer, frontier type of economy at a time when we like to boast about the great industrial productivity now available to us. Why should we have to continue to live like those people who went out and put up sod shanties on the plains when they were trying to establish an economic foothold in that part of the country? That sort of thing should have gone by the board long ago. I have been told that when I was two years old I lived in one of those sod shanties.

If all the things the Minister of Finance tells us about our economy are true, and I do not think any hon. member would deny that we have the productive capacity in this country, given a little intelligent planning, to provide public services to keep pace with our growth. We have the basic wealth to provide those services.

That approach is recognized in one field of activity carried on by this government. The items in the estimates covering the construction and acquisition of buildings and works by the defence production, national defence and civil defence departments this year total $199,965,000, which is an increase over the figure for last year which was $172,050,000. Those are the amounts to be voted in the field of national defence to provide some of the things which are provided in the civilian field by the estimates to which I referred earlier.

I think of a good illustration of how this is carried out by the Department of National Defence. During the course of my travels last recess I had occasion to visit one of the radar defence installations in the coastal area of British Columbia. I was most interested to see that in what had been virgin wilderness there had been hewn out what one could term a model community. That community was provided with a school of two classrooms, it had a hospital with a doctor in attendance, it had roads and all

the services that one would normally expect to find in the best developed town. That community had been created almost overnight in what had been simply rock and forest. The people in that community were being provided with a good level of community services. I could not help but contrast the situation there with the situation that prevails in some of the communities in my area and in a good many of the communities across this country which I have been able to observe.

It seems to me that if the government is capable of planning an organization and providing these services for this industrial plant, if you want to call a radar station that, it should be possible to carry forward the same sort of planning across this country in the civilian field.

I realize that as we proceed to discuss these estimates there will be many items which will involve particular discussion, some by myself and some by others of my colleagues. However, I felt that I wanted to attempt to give the committee a picture of the place which I feel the Department of Public Works should occupy in the life of the Canadian people.

Mr. Hahn: Mr. Chairman, I do not suppose there is any greater challenge being faced by any minister of the government than that which the Minister of Public Works must face in trying to keep the Department of Public Works in step with the growing economy of this country. I for one feel for him. I would say that there is no job more important than to keep up with expansion, especially when it is at the rate that we have in this country today. We have immigration, defence and other problems that enter into the field to take from his dollar and add to his troubles. However, possibly part of the reason for his difficulty is the fact that governments before him, which were largely Liberal—at least for 50 years they were mostly Liberal—have accentuated the problem by not having looked after it properly in past years. No matter what he is doing to rectify the position today, we are going to find more and more of these problems arising, because our progress is so phenomenal that it makes it difficult for him to keep pace. If the hands of the clock that were referred to a few moments ago by the hon. member for Comox-Alberni are the least of his problems, then I am satisfied they will soon be looked after.

However, I find in my own riding, for example, that I have the trans-Canada highway crossing navigable streams, which calls for attention. On one occasion the minister mentioned to me that he thought we must be having bridges all over British Columbia. He needs only to see the growth in that province and he will see that we certainly have the people that require them. Six major bridge constructions in the course of the present British Columbia government are more, I understand, than were built in the previous 20 years.

Mr. Goode: How many of those are toll bridges?

Mr. Hahn: So long as we can cross the streams, that is the important thing, as far as I am concerned. We have other problems, such as dredging problems. We have the problems of retaining walls, of breakwaters, of housing, of public buildings, just to mention a few. These are not just localized in my area but, I am sure, occur in many other ridings as well.

The policy of bringing in the estimates at a time such as this when we have certain resolutions by the minister on the order paper which will change some of our points of view, I am sure, might be somewhat improved if we heard a statement from the minister in respect to the intention of resolutions Nos. 10 and 11 on the order paper, and I am satisfied some of the remarks that are going to be made in the course of discussing these estimates might be changed. However, it is not my intention to deal with those resolutions.

Last year I brought to the attention of the house a certain policy which I thought was fundamentally wrong. I still believe it is wrong. That is the continued rental of buildings that cost more than $2,500 a year in rent to the taxpayer when we have to improve those buildings and spend money on repairing them as well. It is not my intention at this time to take up that problem, because there is a more appropriate occasion.

I do, however, wish to continue further my discussion with respect to a problem that arose earlier in the Department of Transport estimates, one which affects this department also. That is the question of co-operation between the departments. In order to illustrate my point it is necessary to bring in a local problem in my own area which is definitely affected by the Department of Public Works. We have in the city of New Westminster an antiquated structure which was built about 1897 and subsequently was repaired, known as the Queensborough bridge. The department has from time to time denied that it has any responsibility whatsoever for the building of that bridge. Even though it does cross a navigable stream, even though it is necessary for the city of New Westminster to get permission to build a particular

type of bridge, we are continually told there is no federal responsibility for the building of that bridge, because we cannot prove precedent.

Now let us look at this matter of precedent, and I come to another problem. In the unincorporated city of White Rock, also in my own riding, there is a railway known as the Great Northern Railway, one of the major constructions in the continent, passing through that resort town. It passes along the beach, and there is a Department of Public Works wharf across the rail line. On the opposite side of that rail line is Washington avenue. Many years ago, when the wharf was built, a crossing had to be made from Washington avenue to cross the tracks to the wharf in order to get cargo on to the wharf. An application was made to the board of transport commissioners to put a warning bell there; and that was granted. At that time the board of transport commissioners ruled as a precedent that it was the responsibility of the Department of Public Works to pay for and maintain that bell.

Access to the wharf, however, was still difficult because Washington avenue is a fairly narrow road, and it had the mountain on one side of it and the rail line on the other. In order to make it more accessible, the people in White Rock, and the municipality of Surrey particularly, decided they would build an access road crossing Washington avenue which would make it possible to go along the edge of the mountain and come back up the other side and then down this fairly steep grade known as Martin street and leading right to the water. As a result of that, we had certain communications with the department, through the Department of Transport and otherwise, which denied responsibility by this same government. Here we have a case of precedent.

Just by way of illustration, I should like to read a letter from Mr. H. A. Young, the deputy minister, dated 13th April, 1955. Before I do so, however, I should say that the old bell is worn out and it has now become necessary to replace it with a new one. Not only that, but it is also suggested that a cautionary light be placed there because, since the time of the passing of the order in council that made it necessary for the federal governing body to build this structure and have this bell placed there, White Rock has grown tremendously. Over 30,000 holidayers come there each Sunday to the beach, and that has been the average for many years. Every one of those people must cross that track and use that particular crossing. They are using that wharf also. So are the boat owners. The department recognized the value of that wharf only a few years ago by putting out into the bay a monstrosity known as the breakwater, which is practically useless because it is too short. However, that remains for another discussion at another time. To come back to the need for the bell, and the precedent, I have here a letter, as I indicated earlier, dated 13th April, 1955, from Mr. H. A. Young, deputy minister, in respect to replacing this bell:

> Our records disclose that the Department of Public Works undertook the construction of a public wharf at White Rock in 1914. Subsequently, a municipal road was built linking Martin street, in the village of White Rock, to the wharf approach. This road intersected the Great Northern Railway right of way, the municipality of Surrey receiving permission from the board to construct a level crossing at that point. In 1915 at a sitting in Vancouver, the board directed this department to pay for the installation and maintenance of a warning signal at the crossing. This order was complied with and the department has borne the annual maintenance costs since that date. Upon review, there would appear to be some doubt as to the department's responsibility in this matter.

The phraseology of that letter and the words "upon review" intrigue me because from time to time when we suggest a bridge there is no precedent that has to be reviewed. Apparently there is no need for a review. Even though New Westminster harbour has developed as it has, even though that Queensborough bridge is opened 42 times a day, we still have this same Department of Public Works saying: We are sorry, but we cannot find a precedent.

I found a precedent with respect to the erection of a light at another place, so the department decides it is time to review the situation. Upon review it is found that an access road to this wharf was constructed and therefore it automatically becomes the responsibility of the municipality. That, Mr. Chairman, is what I mean by policy. There is a two-way policy. When it is good for me we will do it; when it is good for you we will question it. I think that should be taken into consideration by the government any time they start telling us about precedents.

Then there is a follow-up letter written by Mr. F. D Pratt. I have forgotten Mr. Pratt's official title but I believe he is in the executive branch of the Great Northern Railway. The letter is from Vancouver and is dated April 27, 1955. I should like to refer to a short portion thereof which reads as follows:

> With due respect it would appear to me that the roadway crossing the railway tracks was placed for the sole purpose of giving access to the department's wharf, and that nothing further has transpired in the meantime to change the principles arrived in the original order authorizing the protection herein.

Therefore I would say it is recognized even by the Great Northern Railway that the responsibility should be that of the department. After all, if the wharf were not there there are better places for crossing the tracks. There is a crossing farther up the line for automobiles that can be used by those who transport motorboats or motors for their boats. They have another means of access, but it is necessary to have the bell because the crossing is there. The purpose of the crossing is to get to the wharf. Admittedly, 30,000 people use that crossing on a Sunday but if the crossing were not there undoubtedly another one would be constructed in its place.

The fact of the matter is that we have here a need for a certain degree of co-operation not just by the municipality, the railway and the Department of Transport but also the Department of Public Works. I have a great deal of correspondence on this matter. I do not intend to belabour the committee by reading all of it, but there was one other factor that interested me, the review of this situation. In looking into this matter I wrote to the municipal clerk of the district of Surrey, Mr. Livingstone, on January 24, 1956. I asked him four pertinent questions because I wanted to discover how the crossing had been reviewed by the Department of Public Works. I said:

> In order to proceed further with this matter and to do it as expeditiously as possible, would you please let me know at your earliest convenience:
>
> 1. If the board of transport had a representative examine the crossing in question with a representative of the district of Surrey?

Mr. Livingstone replied under date of February 3, 1956, and his answer to the first question was as follows:

> Yes. The board of transport had a representative examine this crossing on July 26 last year. Mr. C. D. Midwinter, district engineer of the board's Calgary division made the inspection, and he was accompanied by Mr. Furiak, municipal superintendent of public works.

This was my second question:

> Was there present another member of the Department of Transport?

Mr. Livingstone replied:

> I do not know whether or not any other member of the Department of Transport was present.

My third question was:

> Was there present a member of the Great Northern Railway Company?

The answer was:

> Yes. I understand the signals engineer was at this inspection.

My fourth question was:

> And finally, was the Department of Public Works represented, and if so, by whom?

The answer was:

> The Department of Public Works was not represented to my knowledge.

I question this type of action, Mr. Chairman. It was the responsibility of the Department of Public Works as determined in 1914 to erect this bell. There was a precedent, and now the department decides that it has no further interest in the matter even though they have maintained the bell until the present moment. The old bell is still in operation and definitely should be replaced as soon as possible. The summer season is beginning. The beach is again going to be used by thousands of people. People may possibly be injured or maimed. There was a death there a couple of years ago involving a young child who was crossing the tracks or on the tracks. There was no responsibility on the part of this particular department because the bell was in operation. However, the fact remains that it is somebody's responsibility.

This matter has been studied now for two years, and we are being told now that even though a precedent was established there is no responsibility as far as the Department of Public Works is concerned with respect to replacing the bell. As far as I am concerned, I take exception to that stand. We have a Department of Public Works which is undoubtedly doing its best to do what it thinks should be done or what it is pressed to do, possibly even for political purposes, although I should not like to charge this minister with that at this time and will not do so unless I discover that there is some real reason for an official of the department not being present at that meeting.

It would appear to me that if there was direction from the Department of Public Works here or from the Vancouver office that no one should be in attendance when the meeting was held then there must be some reasonable reason for that stand. As far as I am concerned, I can see no excuse for the department not paying the "full shot", if I may use that phrase, for the replacement of the bell. The precedent is there. It is established. The fact of the matter is that if Martin road were closed by the municipality of Surrey the crossing would still be there. That seems to be the only argument for it. Martin road was built after the crossing was constructed. It was put there for a purpose, to make access to the wharf much more simple. I think that in this particular instance the policy to break precedent is not very well founded.

There are many other problems that could be dealt with. I have one or two of a minor nature that do not appear in the estimates, but I do not wish to spend too much time

discussing them now. It might be that later on we shall find some more appropriate occasion.

However, there is one question that was dealt with when the dikes gave way in 1948 and 1952, when a certain amount of rocking was done along the Fraser river. In the Canoe pass section across from Westham island, there was a certain stretch of rocking that was not done because it was inaccessible. I believe the B.C. Packers had a cannery at that point which made it impossible to try to do the rocking. However, that old plant has been torn down or is being torn down, and it is now possible to get to that point. We have lost a good portion of the foreshore there—I do not know exactly how many feet—but about 1,500 feet of rocking remains to be done. I would say that this work should not be left undone because in a couple of years it will cost us twice as much to do that rocking as it would now.

While I am on this subject of rocking, I wonder whether it would not be feasible, instead of using rock, to possibly use old wrecked car bodies that are available in the lower mainland. There are a lot of old cars there which the wrecking industry is not able to use. There is not a sufficient amount realized from them as scrap. I am given to understand that the municipalities have been able to arrange with these men that these car bodies be available for such purposes. These old cars would be serving a worth-while purpose if they kept the Fraser river from ravaging the lower mainland.

Added to that, I have just one other point I should like to bring to the minister's attention and that concerns the Boundary bay area. The wind and tide sweeps across to the north and hits what is commonly known as the Beach Grove resort. Considerable damage has been done each year, and it is getting progressively worse. Now, about 20 years ago on the United States side of the boundary a wooden retaining wall about 4 or 5 feet high was built. This has adequately taken care of the problem. It has been suggested that this matter be examined by the department with a view to discovering whether or not a program of continuing the wall to about half a mile past the Herd road to the north would be practical and save greater expenditure at a later date. The point is, Mr. Chairman, that we did not use these beaches years ago to the extent they are being used today. Our population was not nearly so great. Beach Grove has grown into quite a community at this time and the area does require some protection. During the winter months the wind and tides wreak a great deal of havoc in that particular area. The people have a right to expect some assistance.

[Mr. Hahn.]

During the Easter recess while touring my constituency I discovered that a great number of the inhabitants had done something about it. Some of them had gone so far as to put up their own cement retaining wall. However, it was not buttressed to any other wall, with the result that the whole area dropped back into the sea. I should like to have the minister make an examination there to see if something cannot be done, either by the department itself or in co-operation with the people in the community, to help them keep their homes and solve this problem.

Mr. McIvor: I am very happy indeed to take part in this debate, for reasons which I will illustrate. I belong to a large group of people who are very happy to have the Hon. Bob Winters as Minister of Public Works. He does not need any sympathy for the job he is doing, because he is doing his job according to the tools that he has used in his profession and which I used during several years at university, namely the square, the plumbline and the spirit level. Any one who uses these tools in public buildings, or even in the ideal way, does not have to back down or knock a bulge out of a wall.

There are two things upon which I congratulate the minister in the outstanding work that he has done. The first is that he has helped us to have a trans-Canada highway. I do not need to enlarge on that. He was very patient with us in Fort William and with the provincial government. Things have been cleaned up splendidly and we are going to have a national highway that will be a credit to Canada.

The second thing upon which I congratulate him is his housing plan. I recall that when he took over that work there were numerous difficulties. We had debates in this house, and I can see him standing up and demanding a vote on his present plan. He received almost a unanimous vote. I congratulate him on the way he is handling Central Mortgage and Housing. We wish him the best kind of luck and ask him to stick to building according to his plan.

Locally, we thank him and his deputies for doing something for us which was long overdue. I tried for about 10 years to have our dredging commence as soon as the ice went out. We did not get that. Sometimes we did not get our dredging started until the first of July. When these dredging companies get their contracts they start to make their outfits ready and this takes time. The change has resulted in our dredging commencing as soon as the ice goes out. I thank the minister and his deputy very much because this is an

outstanding improvement. We do a lot of dredging at the head of the lakes, and there will be a lot more.

I have one request to make which I believe would be in the best interests of Fort William and of Canada. The Department of Labour needs a better building for the unemployment insurance offices. At the moment they are housed in the old post office. Twenty-three years ago the late Dr. Manion felt this building was not fit for a post office and a large new post office was built. This building was left empty. The deputy minister gave me the job of renting it, and I had some job. The floors were heaved and the furnace was cracked; windows were broken and the walls needed decorating and painting. I tried to get the Red Cross to take it, but they would not look at it. I tried to get the home improvement people to take it over, but they would not look at it. Finally, a group came to me and asked that it might be taken over as a beer parlour. I was not very sympathetic. Then, a group came and asked if the Salvation Army could get it and through the deputy minister, the late Mr. Hunter, we rented that building to the Salvation Army for a dollar a year.

They did a great job. Major Flesher of the Salvation Army was a fine mechanic. He fixed up the building and for seven years they had that building. I do not know whether they paid the $1 a year or not, but that does not matter. Then the war broke out and the Salvation Army had to move out. It was my job to help the Salvation Army to find another building, and we did. The unemployment insurance people took over. It is a trap. I am sure the minister agrees with me that he wants the workers to be properly protected. They are poorly protected. Any engineer would tell you that you cannot enlarge the building; there is no place to add to it. It is there on May street, and it is not a credit to us.

I must say that I am not an outstanding builder. As I said, I spent seven years in construction work and I learned a little, how to figure out a blueprint and so on. We have an armoury there. It used to be the Prince of Wales hockey rink. It is a big building in the very centre of the city. The officials of national defence do not think that armoury is suitable; it is not safe, but it did not cost us very much in the first place to remodel it. That armoury should be taken over and a federal building placed there because of the need for unemployment insurance offices, and secondly, because the dominion government is paying about $33,000 a year in taxes that could be saved. The Department of National Defence officials want a new armoury out on what we call the Chapples Limited ground, an excellent spot. It is a good place for an armoury. I recommend it highly because we need a federal building. I am not so sure that we need an armoury because there may not be war, but if any place in Canada needs an armoury it is a place like Fort William. I make this request in all honesty and sincerity.

Mr. Bryce: Mr. Chairman, I cannot very well follow in the same tone as that used by the hon. member for Fort William because I am sitting in the opposition and he is on the government side of the house. Yet I think the things he said about the minister were well warranted. I would not go as far as he did, but I will say that the Minister of Public Works stands very high in my estimation as a minister.

I want to go back to where I left off last year and speak about the breakwater at Gimli. We have not made any headway there. The minister was kind enough to make arrangements for a meeting. Well, it took three months to get that meeting going, and when we did get it going it did not do us any good. At that meeting we decided that we would have a small delegation consisting of the chamber of commerce, the mayor of the town and different individuals, meet with the engineer. Well, that meeting has never taken place. It is about a year since I spoke to the minister about it. The meeting with the engineer was arranged and 21 people came from Gimli. It is a very important topic to those people. Some of them have put their life savings in their houses, and they are watching their back yards going, and the foundations of their houses going, and I do not know how far it is going to be allowed to go.

The next thing that happened was that I received a copy of my local paper and I found a full-page advertisement of the agreements with Gimli and with the different people. I do not know why the advertisement was placed in the paper.

Mr. Winters: Who inserted the advertisement?

Mr. Bryce: I do not know, but the editor had this to say in an editorial note:

> The agreements published by this newspaper last December appeared as paid advertising and are not to be construed as a reflection of editorial opinion.

I do not know how much it cost the department.

Mr. Winters: Is there any reason to believe that the department did it?

Mr. Bryce: Who would do it if the department did not? They were the only people who put up an argument. Perhaps the minister will find out. I will not say any more about it. Let the minister find out whether some individual paid for it, and if he did I will take back everything I said about the department. I am not going to say any more about it. Dr. Johnson was annoyed about it. He was the president of the chamber of commerce at that time. I should like to read this letter which appeared in the Selkirk *Enterprise* on Wednesday, February 8, 1956:

On December 29, 1955, one full page of your newspaper dealt with an agreement between the town of Gimli and the crown, concerning the Gimli shoreline.

This agreement was signed by our town council under the pressure of either sign or get no protection. Without the breakwater, our town would be practically under water.

The Gimli chamber of commerce, members of town council and ratepayers recently met with the district engineer in Winnipeg. The Gimli delegation maintained that this breakwater or shoreline is deteriorating rapidly, due to faulty construction. The government maintains if we had backfilled properly it would stand up. Individual ratepayers have backfilled at great expense to themselves and, even so, the wall is crumbling. There is no place for the water to go, once it comes over the wall, nor is there anything to break the force of the sheets of water against the flat wall in a storm.

Much negotiating has gone on, and the Minister of Public Works arranged the meeting in December inviting our ratepayers, etc. Despite the Gimli charges of faulty construction, the district engineer persisted in stating that the town of Gimli and the ratepayers had not backfilled. No answer was given to charges of faulty construction. For example, one ratepayer points out that behind his property the breakwater was anchored to a large cement slab under his fish shed. The foundation is now in lake Winnipeg. His loss he estimates is $600. Years ago in 1908 the federal government built a shoreline of wooden piles, the first of the Gimli shoreline. It lasted 20 years because wooden piles and rocks were placed out in front of the shoreline to break the waves and water did not build up behind the shoreline. This wooden edifice is cracking, sinking and shortly will crumble.

Despite these facts, we are told the story—"inadequate backfill". The district engineer agreed that our mayor had no choice but to sign the agreement—if he had not—Gimli would have been partially under water since 1951.

We feel that given a free hand and allowed to backfill, the engineer could have done the job. I am sure they felt it should be done. The agreement has been carried out by the town of Gimli and ratepayers. To "adequately backfill" this shoreline cannot be done.

The agreement published in your newspaper aggravated the people in Gimli. It was a "poor show" and I for one would like you to name the responsible party.

Surely a democratic newspaper such as yours will get behind the people of Gimli and bring forth justice before pettiness.

I cannot talk about breakwaters because I do not know very much about them; I am not an engineer. The breakwaters on the coast of Scotland always had outlets which permitted the water to run back into the sea. This one has no outlets at all and you have only to go there and see the big waves going over to realize they would wash anything away. The shoreline there was backfilled. I have to believe what the people I represent tell me. They tell me it was backfilled and it has been washed away.

Perhaps there should have been outlets. I think perhaps the wrong type of breakwater may have been built; I say may have been built. There should have been outlets along there to let the water run back into the lake. There is nothing there but a solid wall. The waves come up and wash away any backfill that is there. I do not want to labour the point but I would like you to look into it again and see what can be done. These good people are not asking something that is unreasonable. They signed an agreement to the effect that they would keep it up but the thing was gone before they ever had a chance to keep it up. If you will look into it again I would be very pleased.

Down the lake a bit we have the town of Winnipeg Beach. I wrote to you about that and you were good enough to permit me to make arrangements with the district engineer. I met him in Winnipeg and discussed the matter and then I went back to the Winnipeg Beach council and told them that the Department of Public Works had no responsibility in the matter. The district engineer told me he had it in black and white that the town of Winnipeg Beach signed the agreement to maintain it.

I am going to read the minister another letter. I could not get anywhere. I came to the Department of Public Works for guidance in the matter because I did not know the facts. I told them that at the time. The letter I have in my hand is from Mr. L. E. Tapper, a councillor. I met him and the mayor before I came away and I got him to put it in black and white so I would not make any mistake. His letter reads as follows:

Dear Mr. Bryce:

Since receiving your letter of February 27, I finally got the information I believe is necessary.

It seems that the town, back in 1948, agreed "that it will assume the responsibility for the renewal of the walkway only and of all future maintenance and upkeep of same". This was as a result of certain work done by the dominion government and which was a continuation of certain work done in 1939.

It is true, therefore, that we undertook the maintenance of the walkway and kept it up. However, the extremely high water level of last year effected extensive damage and a lot of planking was washed away. The situation was aggravated due to the fact that the retaining wall built last winter by the dominion government, fell short of roughly 50 feet to where it should have ended and the water and sand came around the end and washed away the planking and damaged the foundation. Because of this lag

of 50 feet we find that work is in progress now and they are extending this wall some 250 feet and with extra reinforcement all the way through.

From the foregoing it is obvious that certain fault lies with the dominion government. The walkway has buckled in a number of places and I know for a fact that one particular small section has buckled at an angle of almost 45 degrees both right and left in a very short space. In certain spots new stringers and risers are necessary.

Now that the retaining wall has been extended it is an excellent time for the dominion government to come to our help and completely rebuild the walkway and planking. The damage is too great for us to suffer ourselves particularly since it is not our fault.

If the work is done early this spring as soon as conditions warrant, but long before the season opens, I am sure I could get an agreement passed by council for the future maintenance and upkeep. We feel very strongly about this as any temporary repair work would not only be expensive to us but would be thrown out money unless the job was practically rebuilt.

I might mention that I spoke to the local engineer (federal) who is in charge of the present project at the Beach and he tells me the men will be on the job another few weeks anyway as conditions this winter were not conducive to too much work being done so far.

Remember please, that this area is a great tourist attraction and people go there from all over the country and from a number of states. Unless something is done for us I know that people will stop coming. I am sure that the government does not want that to happen.

That describes the situation at Winnipeg Beach. The two big fellows are Gimli and Winnipeg Beach. There are many other little places along the lines which have sustained damage as the result of the big storms and high waters. I would like the minister to suggest to his engineers that they give some consideration to this.

I have only one other complaint and it is a matter which I took up last year. I refer to the different ways of messing by dredges and the *Bradbury*. It is still the same as it was. I think that should be straightened up; treat them all alike. There are two different systems. These fellows only work five days on the dredges and when they come home on Friday night there is still no allowance made for that. They are allowed $47 a month which amounts to about $1.54 a day. I put this matter on the record last year. I would like the minister to be good enough to look into the situation and see if he can correct it and make these people into one happy family.

Mr. Harkness: Mr. Chairman, on March 14 and on April 9, 1954, I brought to the attention of the minister and the committee the matter of the construction of public buildings in Calgary; more properly I should say the matter of the non-construction of public buildings there. The answers I received at that time were very unsatisfactory but the responsibility rested largely with the previous minister of public works.

At that time I expressed the hope that the present minister would improve the situation in regard to the voting of sums for public buildings and would see to it that something was done in connection with the matter, but unfortunately that has not been the situation.

I would just refer first of all to a discussion we had on April 9, 1954, in regard to a particular public building. The discussion is found at page 3971 of *Hansard* for that date. I asked the minister for what public building in Calgary there was a vote amounting to $150,000. He replied that this amount was required toward the construction of a public building in Calgary to provide improved accommodation for the Department of Veterans Affairs and other government services. I then asked the minister if this was the same building for which votes were passed in 1947-48 and in 1948-49 and whether something definite was actually going to be done in regard to the matter. At that time the minister replied:

> The Department of Veterans Affairs has requested us to erect a new building on a site which is owned by them opposite the Colonel Belcher hospital.
>
> It is our intention to proceed with the erection of a building on that site. The plans are not yet beyond the preliminary stage and I am not in a position to say when the building will be started.

Nothing was done in connection with that matter in 1954. In last year's estimates this same amount of $150,000 appeared as a revote. Once more nothing was done in regard to this matter. I notice that the vote has been dropped altogether in this year's estimates; it does not appear at all. In other words we have had an exact repetition of what occurred back in 1947, 1948 and 1949. The vote appears for two years, or in some cases three years, nothing is done in connection with the matter and then it disappears from the estimates book altogether.

The history of the past ten years as far as the erection of public buildings in Calgary is concerned has been a most unfortunate one. I went into it in detail at that time, but I shall just recapitulate what has happened. During the period 1947 to 1956 inclusive the amounts voted for public buildings in Calgary totalled $849,500; there were revotes amounting to $466,500, so that the votes in connection with which one might have expected something to be done would total $383,000. However, there was nothing like that amount of building done. Included in that total is this vote of $150,000 which was in the estimates for last year and which has now been dropped. If we subtract that amount we have left a total of $233,000.

As I say, there was a vote of $100,000 for this building back in the 1949 estimates.

Evidently it was put in there at that time for election purposes and as soon as the election was over the vote was dropped. As far as I can find out, without having the figures before me and having to depend only upon the books of estimates, the actual amount spent out of the $849,500 for public buildings in Calgary was $133,000 as a maximum.

I submit that this method of estimating and carrying on business is extremely unsatisfactory. It is the old business of holding out a carrot for a certain length of time, taking it away, putting it out again, taking it away, and so on. Nobody knows what the situation is, whether a building is going to be built, or what is going to happen. We have been dangled along in Calgary for ten years in regard to public buildings. Votes have appeared in the estimates at various times during this period and the Minister of Public Works has said that they were going to proceed with buildings, but nothing has started. This goes on year after year and then the whole thing is dropped.

This particular item was dropped after having been there for the last two years. It was dropped following 1949 after having been there for two years. I wonder if the government is ever going to build this building. There is no question of the necessity of a veterans building in Calgary. The offices of the Department of Veterans Affairs are scattered among four or five buildings. They have a few offices in the Michael building, a few offices in what used to be Garbutt's business college, a few offices in the Belcher hospital and so on. This makes it extremely inconvenient for the veterans and other people in Calgary who are forced to run around from one office to another. These offices are some considerable distance apart.

This must prove to be inconvenient and expensive as far as the Department of Veterans Affairs is concerned through having to carry on business in that way. However, the great complaint is of the inconvenience and time lost by veterans and other people who must make use of these facilities.

In addition, there is a great need for office accommodation in Calgary for other governmental departments. The income tax branch and certain other offices are in the Traders building, an old department store. There have been complaints about the location of these offices, their inconvenience and so on. These complaints have been coming in for many years but nothing has been done. I wonder how long this sort of thing is going to continue and whether a definite provision is going to be made for a public building in Calgary. I wonder whether construction will actually be started as long as this government is in office.

I might just point out, as I pointed out in 1954, that during this same period the amount voted for public buildings in Edmonton was over ten times the amount voted for public buildings in Calgary. I have not computed the actual amount spent in Edmonton but it must be twenty or thirty times as much. There seems to be no rhyme or reason to the way the construction of public buildings in the province of Alberta is carried out.

I assume that in this particular case the estimates next year, immediately before the election which we are reasonably sure will come then, will again contain this item for $150,000, or it may even be for $1 million. It does not matter how much is put in as long as nothing is going to be spent. If you are the Minister of Public Works you might as well be a good fellow and put in an item for $5 million or $10 million. As long as nothing is going to be spent it does not really make much difference what figures are contained in the estimates book.

There is another public buildings project in Calgary which has received a great deal of attention. I refer to the new post office building. According to the Calgary newspapers, either the Post Office Department or the Department of Public Works had entered into negotiations for a site along the C.P.R. tracks. That was something over a year ago and we have had no further information on the matter. There is nothing in the estimates this year for that building.

I think the time is long overdue when the minister should put an end to this situation. Two years ago I began to hope that he would do so, but so far his record is no better than that of the previous minister so far as public buildings in Calgary are concerned. I should like to have him make some definite statement in connection with this matter before these estimates are completed.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Herridge: Mr. Chairman, I am glad to have the opportunity to say a few words on these estimates. Before proceeding with my few suggestions and observations, I must express my appreciation for the courtesy of the minister, his deputy and his various officials. I have always found them excellent in that respect.

Before I proceed, I have been asked to make an announcement which I think is very appropriate to these estimates. Yesterday the hon. member for Yukon made certain proposals that would involve a tremendous public works project if put into effect. I have been advised that the hon. member will appear in a national television broadcast in the near future in respect to that project. I certainly recommend that all hon. members take advantage of this opportunity to see on television such a photogenic personality who has such a commanding knowledge of his subject.

I must say that there is general satisfaction in our district with the construction of the public buildings in Nelson, Trail and Castlegar. We are very pleased indeed—I am as well —even though I did not get an invitation in time to enable me to make arrangements to attend the opening of the Nelson public building. Anyway, it was very well opened. We are also very pleased at the construction of the Robson wharf, which is a very necessary wharf at the lower end of the Arrow lake, and to know the quite recently constructed Beaton wharf which was damaged is going to be reconstructed in the very near future. Various residents in certain localities have asked me to express their pleasure with the usual repairs and upkeep that have been carried on throughout the past year. When I was in the Lardeau area, which is a pioneer district, the settlers there expressed pleasure at the good work that is being done in the straightening of the Duncan river and the removal of driftwood. It is only fair to compliment the local foreman, who has undertaken that work without any direct supervision and has done a good job as a result of practical knowledge and lengthy experience in dealing with river situations of that type.

Having expressed those few compliments, I wish to make a few observations and suggestions. I can truthfully say that my employment with the Department of Public Works of Canada on one occasion caused me 15 minutes of the most extreme anguish that I have ever suffered in my life. On one occasion an engineer in charge of the construction of a wharf some few miles north of my home was taken ill. The district engineer, who knew me, said he thought I looked intelligent enough to replace him to carry on the construction of the wharf. While thus employed, I had just made arrangements for a case of dynamite to be put in the bottom of the lake to cut off some dolphins at ground level, when quite unexpectedly the steamboat *Minto* turned up around the corner. Although I waved frantically to the captain to inform him that it was dangerous to tie up, he headed in and began to tie up to the dolphin. There was four feet between the case of dynamite and the bottom of the vessel's hull. I went aboard and told him what his vessel was sitting on, and I can tell you he backed up very gingerly, while I experienced a most unhappy 15 minutes.

Years ago the Department of Public Works of Canada had quite an establishment in Nelson. It had a district office, and several engineers worked from that office. However, owing to the decline in the amount of work required, these engineers were removed to the office at New Westminster and now in Vancouver. One clerk of works has been left in Nelson for a number of years. Since that time we have just had occasional visits from engineers from the office in New Westminster who now flit in and flit out of our part of the country like bats going in and out of a belfry. They are unseen, unheard and, to the great majority of people, unknown.

This is a very different set of circumstances from that which existed in the early days. When I was a boy the district engineer and the other engineers made a point of attending farmers' institute meetings and meetings of local organizations, seeking advice and discussing with those present certain problems in connection with wharves and dredging and things of that sort. Whilst very few of these people had engineering experience, there is a knowledge of local conditions that is gained as a result of living in a certain area, which is superior to the knowledge that a person may have with much greater technical training who flits in and out of the area on periodic visits. I understand there is some talk now of closing the Nelson office entirely in two or three years and concentrating all the administration in Vancouver. I think that would be most unwise, and I have been asked by a number of people in my district to enter a very strong protest against any such suggestion. The development of our district, in our opinion, warrants at least the part time attendance of an engineer in the district, an engineer who has some knowledge of the situation and circumstances because he is residing in the district and sees what is happening with the flows of water, river conditions and so on. The danger of floods and the increasing services that are required certainly demand that the office in Nelson should be kept open and that more time should at least be spent in the district by some of the departmental engineers.

This spring, floods on the Columbia are presenting a great possible danger. All depends on weather conditions between now and 15th June. I suggest that an engineer could be stationed in the district, at least for the

next month or so, for the protection not only of public property but of private property. Owing to the great danger of floods in the near future—and there is a great danger because we have had an extremely heavy snowfall and, given the right conditions, we could have disastrous floods—I suggest that an engineer from the department should be kept in the district for the next month or two and that there should be co-operative planning to meet any flood danger, between the federal and provincial government, the municipal governments, private industry and civil defence in that area, to meet any possible flood danger. I think it is very necessary indeed, because we had one recent disastrous flood in 1948, and we know the danger of any flood can be considerably mitigated if there is planned co-operation among all suitable agencies to meet any situation. I mention this because this matter is of serious concern to many of the constituents I have the honour to represent.

For some years, various engineers in the Trail district have maintained that the blasting away of what is known as Rock island, south of Trail in the Columbia river, would do much to remove a bottleneck in the Columbia and lessen the possibility of floods in the city of Trail. I have brought this matter to the attention of the minister and his associates, and they have examined this suggestion. They are not of the opinion that it would have the advantage that the engineers in the Trail district suggest. In fact, in a letter I received dated October 3, 1955, from the deputy minister, the following is stated:

> This question has recently been investigated by officials of this department and, from their calculations, it is found that the cross-section of the Columbia river at the centre of Rock Island during flood season is 22 per cent greater than at a point 600 feet downstream, and 50 per cent greater than that at a point 600 feet upstream from Rock Island. It is, therefore, apparent that Rock Island is not a control point that would affect water levels at Trail which is approximately three miles and a half upstream from the island.

I must admit I am not competent to pass judgment on such a situation but the city council of Trail has asked me to ask the minister to have the situation again reviewed because a number of very highly qualified engineers differ with the opinions expressed by the minister's officials. Therefore I bring that question to his attention.

For some years I have been urging, at the request of a number of small communities in the lower Arrow lakes region, that a small float be built at Brooklyn. I can see the minister looking at me now and saying to himself, "Well, here is the same old song over again." However, I have been asked by these people to bring up the matter once more. Throughout the years the minister's department has been very good in building small floats at isolated communities. In recent years the minister's department built a small wharf for only one family. They were entitled to it and required it because they lived in an isolated place.

In the present instance this place was one of the original steamer landings, and at the present time there is only one family actually farming there although possibly a dozen or so people have summer residences or property there on which they camp during the summer. The matter has been reviewed by the minister's officials and I have again been advised that they do not see fit to construct this small float. I suggested in the first place that all it would require would be four dolphins and a couple of sections from an old floating wharf. I want to ask the minister this question. Neighbours are very interested in this float. If they and other persons who are interested get together, volunteer to do the work and provide the piling necessary, will the minister's department lend the dredge of the Department of Public Works to drive the piles, and will the minister supply some sections of an old floating wharf which will no doubt be available in the very near future? This is a case of a community being ready to help a neighbour.

The reason I mention the matter is that these people believe these pioneer settlers are entitled to this small dock so that they will not have to row their produce across a stormy lake in summer and winter. I see the hon. member for Kootenay East is smiling. To this family this is a serious matter. When the minister replies I should like to get his opinion, because if he is willing to do that much I shall immediately organize a campaign to build a wharf at Brooklyn as a result of co-operative effort in the Lower Arrow lakes.

I come to the Duncan river. As I said previously, the residents of the Lardeau district are very pleased with the work that has been done in removing log jams and straightening the river in recent years. I took the opportunity last fall to tramp for miles up that river and look at the work myself. I think they are doing a very excellent job. I trust that further funds will be available to complete the straightening of the river and to remove the remaining log jams.

The residents of the district inform me that for some years the minister's department has been in the habit of turning over certain funds to some provincial government department. I do not know how it was done but if I remember

correctly it was the fish and game department. These funds are provided by the department in order that certain log jams may be removed on the upper Duncan. Personally I am not very much in favour of that sort of administration. The residents tell me that they consider it a most unsatisfactory way to expend the money. This work was done from Howser lake up to Haley's Landing. Apparently for a good number of years the federal department has turned over to a provincial department certain moneys for the clearing of log jams in the upper Duncan. In view of the fact that the department has available an excellent local foreman with many years of experience who can take care of such jobs as the clearing of the Duncan, which it is necessary to do for a short time each year, I suggest that the work should be undertaken under the direct supervision of the minister's officials in the district.

As I said before, I trust that funds will continue to be available to finish the straightening of the river and the removing of the log jams. The amount of development in that district at present is tremendous and I think everything possible should be done for these pioneer residents who settle in what might be termed backwaters but who are making a great contribution to the production of this country in relation to their numbers.

I come to another matter and my concluding suggestion. I refer to the necessity for a breakwater at Arrowhead. I have been asked to bring up this matter by residents of the district and by captains of the various tugs and boats because it is a matter of serious consequence to them. In recent years the Columbia river has changed its course and is now silting up the river channel. It is silting up all the space in front of the C.P.R. and government wharves. In addition, on account of the change in its course a tremendous amount of large ice floes 6 to 8 feet high sweep right across the steamer passage and make it very difficult for small vessels to get through. In fact, it is impossible at times.

I am speaking from memory but my memory is fairly good when I want it to be, and it is my recollection that a breakwater at Arrowhead was first built in 1905 by the Department of Public Works under Mr. Ford, who was then the district engineer, at a cost of $5,000. Another breakwater in a slightly different location was built in 1936, if I remember correctly, it cost about $10,000. Owing to the conditions that have developed in recent years, a new breakwater is very badly needed indeed. I know what I am talking about when I talk about these wharves and breakwaters because I have had some experience with them. I have lived there a long time and have done some of that type of construction so I am not getting up here, as some people do on occasion, and talking about something that I do not know anything about.

During the Easter recess I was unfortunately stranded on the west side of the Columbia river for one day. I could not get across on account of the ice and had to spend the day in the area. I took the opportunity to go up and down the river and examine the present state of affairs, look over the remains of the two old breakwaters and size up the situation. I want to make a suggestion. May I say I have a photograph here which I would be very pleased to hand the minister if he will return it later. It was taken in 1905 and depicts an island at Arrowhead which was occupied by a very large sawmill cutting many feet of lumber a day.

Owing to the breaking down and washing out of the breakwater and because of the failure to repair it in past years, this whole industrial island has been destroyed. Industrial sites are becoming very valuable in that district and I think something should be done to protect the remaining industrial sites at the upper end of the Arrow lakes. I suggest that a breakwater about 500 feet long should be built. It should be at the right angle of deflection and high enough to take care of the normal high water situation. The construction should be a rock-filled crib. There should be a plank face and it should be rock filled and supported by piles. It should be constructed as soon as possible. It would deflect the present main stream of the Columbia towards its former channel. Then from the end of the breakwater about three-quarters of a mile of dredging would be required to deepen the channel out to the main lake. If that were done the river would be diverted into its former channel and all the foreshore of Arrowhead would be protected.

This silting up of the navigation channel, which has to be dredged periodically, would be overcome and the ice conditions occurring in the spring would also be overcome. I went into this very carefully and the rock for the rock fill is available within 500 feet of the shore. All the minister's men would have to do would be to blast this rock face down, take it out over a very short haul and fill the rock crib. The timber is handy and the rock is near. So far as the dredging is concerned it would be a question of dredging in what is practically a clear Columbia silt and sand formation. I estimate at the outside, and I would be able to get some people who would be willing to take a contract on this basis, that this very necessary work could be done for $50,000; that is allowing

for the dredging, the cost of the material for the rock fill, the piles and lumber, the placing of the rocks in place and all that is required to complete the job.

Now, our district is becoming very important. There is a tremendous expansion taking place in both east and west Kootenay, but the greater part of it is in west Kootenay and in the lumber and mining industries. Last year the production of the Kootenays was valued at over $225 million. I believe that a district in which expansion is rapid and industrial development is taking place should receive every consideration in matters such as these.

Possibly there will be less and less money required to be expended by the minister's department in the years to come on wharves as a result of the building of roads and the development of other means of communication. However, there will be more and more required for the building of breakwaters, river bank protection and dredging. Personally, I should like to see the minister and his deputy visit our district at the first opportunity. They would then have a chance to see what are the essential things that are required, and they would have an opportunity to see why they are required. We now have a great deal of towing of logs and towing of ore in scows on the Arrow lakes. There has been an increase in the number of small craft. The work I have mentioned at Arrowhead is necessary to protect the foreshore and it would protect navigation both in the winter and the summer. A situation such as this cannot be fully understood or plans devised to overcome it by engineers who make hasty, periodic visits to the district. I suggest that it requires much closer study, some consultation with the local people who operate the lumber and mining industries, and with local residents generally.

If the minister and his deputy would only visit the district they would appreciate the problems I mention. The department has two excellent boats, one on the Arrow lakes and one on the Kootenay; I think they were purchased from the navy and were crash boats. I know they cost about a dollar a mile to run, so they must be suitable boats. The minister would have every opportunity then of travelling to see every wharf, every bay and examining every place where river bank protection is necessary, and particularly where this breakwater is required at the present time.

Now, Mr. Chairman, those are but a few of the observations and suggestions I have to make. I repeat my invitation because there are so few members of the cabinet who come into our district. As a matter of fact I do not recall ever seeing a live deputy minister in Kootenay west in all my residence there. There are so few who come that I think it is about time the minister, deputy minister and senior officials should come into our district and observe the great expansion and growth and the things that are required to be done because of that expansion and growth.

Mr. Goode: I sympathize with the hon. gentleman who has just taken his seat. There are a number of British Columbia ridings in which the people would like to see the deputy minister or the minister himself. The minister would be very welcome in the riding of Burnaby-Richmond at any time. He did take the opportunity of spending some time out of a very busy day in my riding earlier this year when he spoke to a high school there. May I say to him that the compliments I have heard, not only on what he said but his appearance before that high school, are very much appreciated by the member who now has the floor.

I believe that the minister has brought to this department the experience he gained in the engineering field. I very seldom compliment ministers but I believe he has done good things for the department in changing some of his officials. I believe that now we have a department administered on a business basis rather than a political one. Although this lack of politics in the department might be affecting my riding, it is good for the country as a whole and I appreciate what the minister is trying to do.

It seems that this is the opportunity for some of us to talk about our ridings, and I am going to talk about mine. I am not going to take very long to do it because I am quite sure the minister and deputy minister know my problems as well as I do myself. I try to bring them to their attention quite often. There is one matter I want to mention in connection with Steveston, British Columbia, and I want the minister or deputy minister to do something about it. Last year the government spent $560,000 on a fish basin. It was protection for the fishing fleet, and I have some 600 gill netters. We suffer in Steveston from southeast gales which have caused the sinking of many boats over the years. Before the fishermen had insurance they lost their all when one of these gales happened to hit that part of the country. The boats were driven ashore or against the piles of the canneries. This has all been changed now. The minister, in cooperation with the fishing industry and myself, spent a half million dollars on a very fine fish basin.

However, that created a problem too. Inside the fish basin are a number of canneries,

one of which is the largest fish cannery in the commonwealth. We find that because there is no flow going through that fish basin, Toredos, with which the deputy minister has had a long association, have entered that basin. In the summer time, the odour from the fish canneries is something that affects the town of Steveston. It is a very simple matter to change all this. All it needs is a small drain at high water level at the east end of the fish basin. The fisheries people have told the deputy minister about this and I have written about it a number of times. The engineers in the minister's department know about it. It is not something that is going to cost many thousands of dollars. It is going to be good insurance for the amount already spent. I ask the minister, quite sincerely, if he will have his engineers in British Columbia do something about that fish basin now, or both he and I are going to be deluged over the summer with letters and complaints about something that should have been done when the fish basin was first built. The minister knows that there has been a lot of investigation on the Fraser river in regard to the flow of water to the mouth. He knows of the silting problem that we have in my part of the Fraser river, which includes the mouth of that great waterway. He knows that on the south side of the river the rock work is completed to a height of 14 feet because it is the policy of the department to close in the Fraser to a narrow channel so that it can clear the silt out by its own current. That is true on the south side, but on my side of Richmond that is not true.

At the moment one tender is operating. The contractors are working on it. Two tenders have lately been accepted for further work, but as the hon. member for New Westminster mentioned this morning, quite properly, we who represent the constituencies on the Fraser river are worried about the flood threat this year when the pressure comes down. Many members from the interior of British Columbia will tell you—and I have seen it myself—that the snow in the interior of British Columbia this year is the deepest that has ever been known in modern history. The hon. member for Okanagan-Revelstoke will tell you that they have had more snow there than has been known for many years, and that is true in the watersheds of all the rivers. Conditions in Revelstoke do not affect the Fraser river, but the water around Quesnel does. According to the snow bulletin issued by the provincial government of British Columbia, the water content of the snow is 35 per cent above normal. It is not the snow that worries us so much, it is the water content of the snow. It looks to me—and I have been so advised by the council of Richmond—the probability is that if the water comes down in a rush, as it did in 1948, then the municipality of Richmond is faced with a flood threat that will cost this government more than the $5 million it cost them in 1948, and it is such a simple thing to obviate.

We have done a lot of work on the Richmond side to protect the territory that is below high water level of the Fraser at freshet time. But today the Brighouse area in Richmond that the minister knows about—he was through it this year—is sometimes four or five feet below high water level. We have protection, but not enough. The department has done well. They are building rock work on that part of the Fraser river that everyone is proud of, but they have not completed the job. It is no use putting rock work in Richmond if you do not tie up the end between Richmond and New Westminster because there is where the pressure is going to be felt. When you put the rock work there in Richmond it is not going to protect the municipality unless the job is completed. The time to complete the job is before the freshet takes place; the time to save federal money is before the freshet takes place and not after that time. It looks to me—and I am quite sure I will be supported by every hon. member from British Columbia—that the possibility of flooding this year is more pronounced than it has ever been in modern history. I hope that the engineers of the department, the minister and the deputy minister, will take what I have said today as being sincere, and I am quite sure that they will be advised by the officials of their department that every word I have said in regard to flood potential on the Fraser this year is true.

I ask the minister—and I know my request will receive sympathetic consideration—that an immediate investigation be made into the whole problem. If something can be done by the expenditure of $100,000 or $150,000 to obviate that whole flood potential there, then he will satisfy me and the people I represent, and save millions of dollars, as the hon. member for Vancouver-Burrard quite rightly said just now.

I have to say one thing more to the minister before I take my seat. This morning the hon. member for New Westminster mentioned something about rented premises. I think he was speaking about post offices. He and I are in agreement to a certain extent. There is one phase of the matter on which I disagree with him entirely. He and I, and other members from the lower mainland,

have a rapidly growing population. When I first came to the house I doubt whether there were more than 50,000 people in Burnaby and Richmond. I might be exaggerating when I give that figure. Today I represent something in the neighbourhood of 130,000 people. Each one of our municipalities is growing. That is true in every location in British Columbia.

When I discussed the question of post offices with the minister some time ago he expressed some concern that rental premises should be taken in Richmond, and I had to advise him then that I did not know where the centre of population was going to be in that part of my riding. As hon. members perhaps know, the provincial government is building a toll bridge at Oak street. That bridge is going to change the whole business face of the municipality of Richmond. At that time I could not advise the minister where to put the post office. He quite rightly, in agreement with me, decided that we should rent premises for the post office until we could take a long view of the whole matter for perhaps four or five years, and then we would know where the centre of population was going to be in that municipality. If the minister will allow me, I take full responsibility for those rented premises. The premises are being built at the present time. I saw them during the Easter recess. It is going to be a nice building. The minister knows that the building will be rented to the federal government at a price per square foot that is much lower than any other rented building in British Columbia. He drove a hard bargain; he did a good job for the people whom I represent in this house.

I agree with the hon. member for New Westminster that in some cases we should take a second look at rented premises, but I would not be prepared at this moment to suggest to the minister one of those occasions. He has done well in my riding and I appreciate it very much. If he will take a second look at this Fraser river situation to the benefit of the people whom I represent, then what I have said today will have been worth while.

Mr. Coldwell: Mr. Chairman, I shall be very brief indeed. I wish to bring to the attention of the minister first of all the condition of a good many of the smaller buildings in the smaller places that are not suitable for the purposes for which they are used. I travel around the country a good deal, and very often I am quite ashamed of some of the buildings which are used as post offices, and so on, in the country. I have several places in my own constituency where something should be done. A year ago last summer I drew the attention of the minister to the condition I found, for example, in Davidson, Saskatchewan, where the postal workers were working under conditions that resembled the Black Hole of Calcutta. It was frightfully hot, very congested, and there was very little ventilation. I hope the department will give some attention to this sort of thing.

I am very happy to see that in the estimates this year there is an appropriation of $25,000, which I imagine is for the beginning of a federal building project in Outlook. It is needed there as well, and I wish to thank the minister for including that amount in the estimates this year. I have been here long enough to know that an appropriation of $25,000 does not mean that the building is to be started immediately, but the very fact that it is there, will be kept there, and perhaps increased means that we shall eventually get a building that will be a credit to the department and to the government. There are many places like that across the country. The Department of Public Works should endeavour to improve those conditions wherever possible and as soon as possible. Of course, I know that those projects require the expenditure of considerable amounts of public funds. When I look at some of the appropriations for some other things in the country I think that more money could be found for projects of the description that I have in mind.

But what I really rose to say this afternoon is this. I know the Minister of Public Works is a member of the federal district commission.

Mr. Winters: No.

Mr. Coldwell: Well, he is on the national capital planning committee of the federal district commission. I should put it that way to be more accurate. And as such, of course, he has an interest, too. I know that what I am going to say now does not come entirely under this heading, but I hope he will bear with me for a moment. In this city today there are a large number of fire hazards in the housing of the people. I do not think the city of Ottawa is going ahead fast enough in the removal of sub-standard buildings. I do not think the city of Ottawa is doing enough zoning in the city to get rid of the sub-standard dwellings and various eyesores around the city. I am not going to say a great deal about that matter this afternoon because a committee has been established to deal with it. I am a member of that committee and I shall have a great deal more to say about it when the committee brings down its report.

I want to say to the minister and to the government that I think more has to be done

to remove sub-standard housing in this city for which the Department of Public Works is largely responsible in many ways in relation to its advancement and beautification. Through the Department of Public Works we are spending many millions of dollars in this city for the construction of public buildings. We are also spending millions of dollars on projects that are really municipal projects. I do not know of any other city in Canada where the federal government helps to build bridges across streets, builds sewers and pays for the removal of street car tracks and so on, as is done in this city. Consequently, I think the government should take some interest in the conditions which have resulted in the loss of many lives in this city during the past winter due to sub-standard dwellings that should be removed from the capital city.

I want to repeat the request I made before that the federal government should take the initiative in calling together the municipal authorities and the provincial authorities. These bodies, of course, have a more direct responsibility for property and civil rights than the government of Canada has. I would like a conference to be called in order to see what can be done not only here but elsewhere to remove these terrific fire hazards which have caused so much concern and suffering to a great many people and the loss of a great many lives.

I wanted to be as brief as I could but I did want to put on the record today that I think this government should take the initiative, particularly so far as the federal district region is concerned. I would go beyond that, of course, but if the government took the initiative in this region I think it would be setting an excellent example for the rest of Canada. After all, this is the capital city of Canada. The Department of Public Works is spending a great deal of money for the construction of public buildings and other projects to make this not only a beautiful city but a city containing buildings that will be suitable for the kind of work civil servants have to do therein.

I want to make that plea as briefly as I can this afternoon: first of all, in connection with the wider field, for an improvement in the conditions under which many public servants must work across the country; and secondly, I want to bring the matter of housing firetraps once again to the attention of the government and the house.

Mr. Johnston (Bow River): Mr. Chairman, I want to say a few words while this matter is under discussion. I was amazed by the fact that almost every hon. member who rose to speak this afternoon complained that the minister was not spending enough money on projects in their constituencies. I want to tell the minister immediately that I have no intention of complaining because I think he has done a splendid job in the Bow River federal riding. In fact, so far as monetary value is concerned, I think the Bow River constituency will rank among the finest constituencies in Canada.

At the outset of my remarks I wish to support the statement made by the hon. member for Burnaby-Richmond who remarked that he was of the opinion that the minister's good judgment was not affected by political or patronage considerations. I wish to support that statement because I think it is perfectly true. I have never found on any occasion that the minister's judgment was influenced by political considerations and I say that pointedly because I cannot say the same thing in relation to some of the other departments. I do, however, want to say it about this particular department.

I said a moment ago that we had been rather fortunate in my constituency in having public works buildings built in the riding, but the federal government is not responsible for the construction of all of them.

I would like for a minute to show hon. members of this house how Banff is progressing, because Banff is the leading tourist attraction in Canada. I have in my hand a large photograph of the new post office that was recently opened in Banff, built by the provincial government, which is one of the finest buildings—

An hon. Member: Post office?

Mr. Johnston (Bow River): I am sorry, I should have said the telephone building. I am going to make an equally complimentary remark concerning the post office. I do not have a photograph of the post office but perhaps the minister will send me one which I will have framed and hung in my office. The telephone building is beautiful and it is a worth-while contribution to the leading national tourist attraction in Canada.

I also want to say, Mr. Chairman, that we have a splendid new post office in Banff. I received an invitation to the opening of that building. Unfortunately the invitation did not reach me until the day before the opening of the building and I would have had to have the wings of an angel to have reached there in time for the opening. So far I have not grown such wings; nevertheless, I will visit that building when I next go to Banff.

An hon. Member: There are two kinds of angels.

Mr. Johnston (Bow River): I was referring to the better kind. We need attractive buildings like this in Banff because, as I indicated a moment ago, it is the leading tourist centre in Canada. Other tourist centres are progressing and will probably be patterned after Banff.

Mr. Goode: The hon. member should visit British Columbia.

Mr. Johnston (Bow River): I have had some communication with the people in Banff regarding a suitable parking area at the new post office. Probably the minister will have a further look at the situation when the opportunity presents itself and see if more parking space can be made available for the people who visit the post office.

Another matter which I wish to draw to the attention of the minister is the erection of a federal penitentiary in Drumheller. It is my understanding, and in fact the information was made public, that three penitentiaries will be built in western Canada. I have been informed that the people of Drumheller have communicated with the minister in this regard and have pointed out to him the advantages of having a penitentiary located there.

Once again I am sure the minister's good judgment will prevail. Upon close inspection I am sure that he will find there is no better place to build a penitentiary than in Drumheller. It is an ideal location and is served by the railway. It has a first-class hard-surfaced highway which passes through Drumheller going from Calgary out to the Saskatchewan border. It is an exceptionally good agricultural area. I am sure the minister will be impressed when he examines the possibility of locating the penitentiary there.

This is not a case of asking for more money to be spent on public works projects. I am merely pointing out to the minister that a certain sum of money is going to be spent and it is just a matter of selecting the most suitable location. If the minister together with his engineers will examine this proposition carefully I am sure his good judgment will again prevail.

I mentioned in my opening remarks that we in Bow River have not very much to complain about. I am sure I am too modest to say that that is because I have been the member for that constituency and that that is the reason so many of these projects in Bow River have been developed.

There is another thing which I should like to draw to the attention of the minister and which I am sure will meet with his approval. I refer to the need of a civic centre in Banff. In bringing this up I may be transgressing upon the jurisdiction of the Department of Northern Affairs and National Resources, but I do make this appeal to the minister because of his exceptionally good judgment in such matters.

I believe it has been suggested to the minister that the cost of such civic centre should be financed partly by the people of that area. I take objection to that because I do not believe that the 2,500 people in Banff should be asked to carry fifty per cent of the financial burden entailed by the erection of such a building. If this building is of the type of other buildings that have been built in Banff, and I do not think it would be the desire of the minister or anyone else to have an inferior building, it will cost a considerable sum. I do not think the local people should be asked to finance such a large expenditure as would be involved.

This building should be of such a type that it will be an asset, not only because of the accommodation it provides but for its scenic appearance. This is a national park and this should be a national attraction. It is hoped that when the building is built it will be able to accommodate national conventions which would be something worth while. I would point out the urgency in respect to national participation. It should not be left to the local people to finance even a portion of the cost of such a structure.

I should like to hear the minister's comments on this. I am sure he has given this matter some consideration. I do not expect that there will be an item in the supplementary estimates this year, but if it is given the consideration it deserves I would hope to see an item next year to cover the construction of such a worth-while project as a civic centre in our leading Canadian national park.

Mr. Cardiff: Mr. Chairman, I should like to join with those who have spoken in congratulating the minister upon the improvement in his department since he has taken over. The political skulduggery in the department has not all disappeared so I do not want the minister to become too complacent. I believe there is some there yet.

I have been pressing the minister for some years for an annex to the post office building in Exeter. This is needed very badly. I notice there is an item of $50,000 to cover this and I hope that is not simply a book item. That building should be started and if possible completed this year. I should like the minister to indicate whether it will be gone ahead with this summer as it has been needed for some time.

In 1953 we understood that a post office building was to be erected in Hensall. The

site was supposed to have been bought and a building was to be erected and rented to the Post Office Department for ten years. However something apparently got into the machinery and the item disappeared and the result is that we still have no post office building. This lively town has grown considerably in the last few years and needs a post office building very badly. I ask the minister to remember this and perhaps next year we will see something for a post office building in Hensall.

Then I should like to say something about the post office in Brussels. That post office is a very good one and there is a lovely apartment upstairs. I have spoken to the minister about this and I do not blame him entirely for what happened. A family came to that town intending to build a house and they asked to rent the apartment which was the only one available with heavy wiring to permit the use of the equipment they had. The apartment had been empty for some years. I went to the minister and he very graciously consented to allow this family to move in until such time as their house was completed.

However, there were a few political heelers around there who did not want anybody else in this apartment when they could not get it themselves and these people were told to get out. They would have stayed for two months longer and as a result the department would have made another $100 if these people had not been asked to vacate. That is what I call political skulduggery and I do not think the minister should allow that sort of thing to happen. The department has been beaten out of $100 which they could have had. These people were good tenants and would have stayed until their house was completed. But they had to move out of the apartment and into their house before it had much more than a roof on it.

These are a few of the things I wanted to bring to the attention of the minister. While I realize that his department is running much more efficiently than it was before his time, I think there is still room for improvement and the minister should not become too complacent.

Mr. Diefenbaker: Mr. Chairman, I want to join with the hon. member for Rosetown-Biggar in his reference to the necessity for action being taken to overcome hazards created by slum dwellings which have taken such a terrible toll of life in Ottawa in recent months. I should like to have the minister reply, realizing that this is a national problem, and indicate why the national government should not give a lead by convening a conference with the provinces and municipalities to consider the adoption of an effective slum clearance program throughout the dominion. Such a program would pay dividends in the way of saved lives and also in the reductions that would take place in insurance problems. I commend the hon. member for the suggestion he has made. I think it is a federal responsibility, particularly in Ottawa, which is our national capital.

I do not rise for the purpose of making a plea for extra expenditures in my constituency although I can think of many things I should like to have done. On this occasion I should like to deal with what the Department of Public Works has done in connection with the building of the dominion bureau of statistics building and the printing bureau building. I can think of no other institution that equals that printing bureau for sponge-like efficiency in using up dollars. It has a record unequalled anywhere, I think, for expenditure that is difficult to justify.

However, I am going to speak of white elephants in general. In the expenditure of money by the Department of Public Works I would take it that a desirable end would be economy with efficiency. Some time ago I asked a question in connection with the dominion bureau of statistics building, and I found that it was completed in 1952 and occupied on January 14, 1953. Complaints had been received from those members of the civil service who occupied it because of its draftiness and also its general lack of heat. In consequence of those complaints, in a matter of only two or three years after the completion of this building, $82,900 was expended to cover storm windows additional to those provided for in the original agreement.

I do not know whose responsibility it was, and I should like the minister to explain. Was it a failure on the part of the architects or those who did the planning in the Department of Public Works, or was it a failure on the part of the contractors? In the past few days I have heard complaints regarding this building; not only that many of the employees there suffer from excessive cold in the wintertime, but that in the summertime they suffer from excessive heat and even in the wintertime, in the two wings, those who occupy those areas find themselves subjected to excessive heat up to 90 degrees, because of the necessity of overheating those wings in order to make possible a reasonable heating of the other portion.

The information I have is that the heating and ventilating system is inoperative, that the metal sashes and the general expanse of windows cause the building to be hotter in

summer than the ordinary wooden temporary buildings in Ottawa. The humidity in the building is about 20 per cent, instead of the 40 to 50 per cent recommended for office buildings during the winter. The consequence has been a higher percentage of colds and other similar illnesses than should be justified, having regard to a reasonable application of modern heating techniques.

Since in the next ten years $100 million worth of government buildings are to be built in Ottawa, I would ask the minister what is being done by his department to investigate the failures that have been evident in the bureau of statistics building, so the same mistakes will not be made again. I would like to find out from him whether there is any co-operation between the department of public health and the Department of Public Works with regard to specifications such as these; the required floor space for desks, filing cabinets, etc., that should be allotted to each employee; what should be the maximum temperature and relative humidity, in winter and in summer; to what degree has an examination of this D.B.S. building shown that reasonable regard to the needs of humidity and heat were assured: and, if that cannot be done in that building, that the lessons that were learned in connection with the building of the D.B.S. will be applied in the other buildings that are proposed to be constructed in this city and elsewhere.

Which officials approved the standards for the D.B.S., and which persons drew up those standards? Were they done after consultation with health officials and architects constructing similar buildings in this and other countries? I think questions such as these deserve to be answered so that what has taken place with regard to this building will not be multiplied with regard to the other buildings the government has in contemplation or that future governments will build within the next ten years. What investigation has been made into this building to ascertain what improvements can be effected? Will the lessons that this building has taught be sufficiently learned that they will not be reincorporated in further buildings that will be erected?

These are questions that are large enough to deserve the consideration of the minister and his officials, for certainly there is no economy in erecting a building such as the dominion bureau of statistics and then within three years finding it necessary to expend a further $88,000 because of somebody's failure at the time construction was originally proceeded with.

Finally there is one other question I should like the minister to elucidate. I find an examination has been made in the United States, and conclusions have been drawn as a result of the hearing of evidence, on the important question of whether it is not cheaper in the long run, in the building of administrative edifices, to build small ones to accommodate 300 to 500 employees, rather than large multi-storeyed buildings to accommodate many. After all, what the department must have as its target is efficiency plus economy. What are the lessons this department has learned in the last two or three years as a result of the building of the dominion bureau of statistics and as a result of the construction of the printing bureau, which certainly does give one some conception of the meaning of "from everlasting unto everlasting."

These are things that the house and the country have a right to be fully informed on, for certainly what took place in the building of the dominion bureau of statistics deserves an explanation and at least the assurance that there will be no repetition in the future, because money wasted simply means added taxation. I advance this in a spirit of fair criticism and I ask the minister, when he replies, to let the house and the country know that the recent mistakes, which are apparent to those who occupy the buildings to which I have made reference, will not be reincorporated and continued in the erection of other buildings, not only here in Ottawa but elsewhere in Canada as well.

Mr. Winters: Mr. Chairman—

Mr. Robinson (Bruce): Do I understand that if the minister speaks now he will close the debate on the first item?

The Deputy Chairman: There is no closing of the debate in committee.

Mr. Winters: There is no closing of the debate. I would be very glad to wait until the hon. member had spoken, but it seemed to me we were getting down to a discussion of particular items. If we could dispose of the administration item we could make better progress with the appropriate officials here in our discussion of particular items concerning architecture and so on. Therefore if it is generally agreeable I will deal with the general discussion at this stage and we can then go on with the consideration of particular items.

At the outset I should like to thank all hon. members who took part in the discussion of the general item, especially, of course, those who were kind enough to speak so highly of the work of the department. I should certainly like to associate myself with them, because I feel that during the past year the officials of the department have done an extraordinarily good job of work at a time when the department was undergoing a reorganization which made their problems

somewhat more difficult than they otherwise would have been. It is gratifying to know that some hon. members at least feel that the reorganization work that has taken place has been to the benefit of the department and has reflected to the advantage of the country in the work the department has been trying to do.

I wish again to commend the critic of the official opposition on the manner of his approach to his job. This is the second year now that the hon. member for Victoria, Ontario, has been the official critic with respect to the estimates of the Department of Public Works, and I welcome his comments as always. He dealt particularly with the trans-Canada highway. I think he was under one misapprehension in referring to the limit on expenditures imposed by the federal government. I think he had in mind that the $20 million shown in the estimates was the limit of expenditure that the federal government was authorized to make in any one year. That is not the case. The amount the department is authorized to spend is the statutory amount running to a total of $150 million. This is simply a matter of budgeting, and it does not impose a limitation.

The fact of the matter is we would be only too happy if the provincial governments could spend at least the amount for which we have budgeted, and if they could exceed that amount we would be happy and more than gratified to make the money available. My hon. friend referred to the standard of the highway as being somewhat minimum in the light of present traffic developments. I, of course, agree with him in that regard. The optimum standard specified in the agreement is a 24-foot paved top with 10-foot shoulders on both sides, and our difficulty has been to persuade the provincial governments to live up even to that standard. Most of them have advocated and insisted, in many cases with merit, that the road should be narrower having regard to the volume of traffic it will carry in anything like the foreseeable future.

The province of Ontario, for example, has insisted very strongly on a 22-foot paved surface despite our own views that a 24-foot wide paved surface would be much better. I do not believe in the case of Ontario, to which my hon. friend referred in particular, that the limitation is money more than anything else. Construction problems have been difficult and it has been a matter of decision with the Ontario government as to which highways they would assign priority.

The fact remains that they undertook by agreement with us to complete their portion of the highway by the end of the current calendar year. This will not be done in Ontario, and it will not be done in any other province in Canada. For that reason we have a notice on the order paper now forecasting legislation which I hope will accelerate the pace of construction of the trans-Canada highway and conclude it on a date that I hope will be agreed upon before very long. Since the trans-Canada highway will again be before the house very shortly, perhaps we could defer a more detailed consideration of it until that time. That does not mean, of course, that I am not prepared to answer questions now, because I am if any hon. member wishes to ask them.

The hon. member also rather deplored the fact that the federal government was not spending more money in the field of highways. He referred to the large revenues the federal government is collecting from automobiles on the one hand and the relatively small expenditures we are making on highways on the other. There again I simply wish to remind him that the $20 million shown in the particular item to which he referred is not by any means the total of federal government expenditure on highways in this country. We are entirely responsible for all roads in national parks, for example, which is quite an item of expenditure. We are entirely responsible for highways in the Northwest Territories and in the Yukon, with the cooperation of the government there, and that normally involves a high level of expenditure. The federal government is solely responsible for the maintenance of the Alaska highway, which is another expensive example. All these things add up to considerably more money than the amount to which my hon. friend referred.

Then he mentioned the temporary buildings in Ottawa. May I interrupt my remarks, Mr. Chairman, to say how glad I am to see the hon. member for Vancouver-Quadra in his place.

Mr. Green: Thank you.

Mr. Winters: To revert to the question of temporary buildings in Ottawa, I think we all share the hon. member's desire that they be removed at as early a date as possible. Number 1 temporary building is scheduled to go just as soon as the trade and commerce building can be completed. We want the site of No. 1 temporary building on which to build the national library, and we hope that can be undertaken next year. Just as soon as accommodation can be provided to move other people out of their temporary quarters the temporary accommodation will be torn down, and that cannot come too quickly as far as I am concerned.

The hon. member referred to the fact that we are now spending more of our votes than previously. That is true. In the past fiscal year we would have had quite a good record if we had been able to hold the position that we attained in the first three-quarters of the fiscal year. However, toward the latter part we were held up by shortages of materials, and for that reason we were not able to spend as much money as we otherwise would have spent.

The hon. member for Comox-Alberni spoke about the dilemma in which he feels I find myself in trying to run the Department of Public Works. This is the first time it has crossed my mind that I was confronted with a dilemma. I feel that for some reason or other he believes that the Minister of Finance has imposed a limitation on the operations of the Department of Public Works, and that is creating difficulties for us. The fact of the matter is that when we were contemplating our estimates for this year we in the department took the view that the role of the Department of Public Works should certainly not be to go into the field and compete with private investment for money, materials or manpower if by so doing we would operate to the detriment of the general growth and development of Canada.

After all, our job is to provide services for Canada, and if Canada does not develop as it should we will not have the same need subsequently to provide services to the extent we would like. I think it is our job to aid and abet the development of Canada, and if by slowing down our program and giving private developers a freer hand it could be done more expeditiously, then I believe that is our role. I think we in the department are growing with Canada. I believe the best evidence of that is that in 1945 the total vote for this department was $23 million, of which $19 million was spent. The following year, 1946, the first full year after the war, the total was $29 million, of which $22 million was spent. Against that we place the amount shown in the estimates before the committee now, which is a total of $167,865,940.

The hon. member for New Westminster spoke of certain difficulties which he thought we were encountering. I assure him I see none of those difficulties. I feel we have a good staff in the department now; we have a good program, and we are operating within the framework of good government policy. I think whatever difficulties the hon. member may think he sees ahead of us can be readily overcome. The other questions raised were on particular items and perhaps we could leave them.

I can say to my hon. friend from Calgary North, who expressed some concern about the building program in Calgary, that I too have been disappointed that we have not been able to get on with our program there. We have had difficulties of various kinds, including indecision amongst the different departments as to what accommodation was required and difficulties about the acquisition of a site. However, I believe that progress is now being made. We have selected a firm of architects and they are in the preliminary stages of developing plans. If we are able to iron out the difficulties that still obtain with respect to a site we have in mind, I would think we could start construction of a building next year. The reason there is nothing in the estimates now is that, as hon. members know, it is present policy of the department not to carry votes in the estimates unless there is a reasonable prospect that we will be able to put the work in hand during that particular fiscal year. It did not seem we could get on with the job this year so we dropped the vote, but that does not mean we have dropped the project.

Then a question was raised about these very serious fire losses, particularly in houses in the Ottawa area where I understand some 50 lives were lost during the past winter. It is doubtless true that some of the fires and some of the losses resulted from faulty wiring. Having that in mind, a question arises as to what should be done about it and who should do it. As both the hon. member for Rosetown-Biggar and the hon. member for Prince Albert said, this is a matter that clearly falls within the jurisdiction of provincial and municipal governments. Through the agency of Central Mortgage and Housing Corporation, who administer the National Housing Act, we can and do lay down certain standards for wiring and other particulars of construction. I think hon. members are aware that fire losses in houses built under the National Housing Act have been relatively minor. I do not know of any case in which lives have been lost in a building constructed under the statute.

We have endeavoured to create an awareness of this hazard. Officials of Central Mortgage and Housing Corporation and the Department of Public Works, are working with the national research council, which is endeavouring to disseminate research knowledge and consciousness of this problem to all the municipalities. Our own dominion fire commissioner has been in touch with all the provincial fire marshals across Canada and later this year, in September I believe, there is to be a meeting on the west coast which will be attended by the deputy minister of public works. There will then be a full and

I hope fruitful discussion of this whole problem with a view to trying at least to create sufficient awareness of this very real hazard to reduce these very serious losses of life.

The hon. member for Huron asked about the building at Exeter, and I can tell him that tenders have been called. I would think before too long we would be able to award a contract for the additions and alterations there. The hon. member for Prince Albert raised questions about two large buildings in the Ottawa area, the printing bureau and the dominion bureau of statistics. The printing bureau is undoubtedly an expensive structure. It is a very large building and I think it is a good building. I believe when it is completed and fully occupied the hon. member will come to the conclusion that there is good utilization of space there. I think the site is good having regard to the purposes for which the building is used. I do not believe it has all the disadvantages which were attributed to it this morning by the hon. member for Victoria, Ontario.

In so far as the construction of the bureau of statistics is concerned, I can well appreciate that the hon. member for Prince Albert would raise a question as to why it has been necessary to undertake large expenditures on a building so recently completed. I raised the same questions he did. We had—when I say "we" it was before my time, but that does not remove the responsibility from me—that building designed by a competent firm of architects. It was built by a competent contractor. When you ask me just where the responsibility lies for the conditions which have required us to undertake additional expenditures, I am not in a position to pinpoint it. The deputy minister informs me we have had meetings and tried to assess the responsibility.

There is no doubt about it; we have learned lessons from this. There were certain defects arising from the windows, and they contributed to the uneven heating in the wintertime. I think the same condition contributed to some of the problems encountered in the summertime. The hon. member asked if we have learned anything from these conditions, and the answer is yes. I hope they will not be repeated. We have not had many instances where new buildings have required such extensive repairs. I will certainly do my best to see that it does not happen again.

Mr. Diefenbaker: May I ask the minister, was an endeavour made by the officials of the department or by any outside body to ascertain the reason for these defects that were found to exist in the statistics building?

Mr. Winters: Yes, that was done, Mr. Chairman. The deputy minister had a series of meetings with the contractor and the architects, as well as officials of our own department.

Mr. Diefenbaker: Has the minister a copy of the report that was made? I understand there were two reports made in connection with the examples of the inefficiency—I hesitate to use the word, but I think that is the only word I can use—revealed by the examination that was made. Is it not a fact that there are two reports? If so, will the minister table those reports?

Mr. Winters: The only reports that have come to my attention, Mr. Chairman, are departmental reports from the deputy minister to me, or from one of the officials to the deputy minister; and those reports are, of course, privileged documents. If there is any other report that comes to my attention I shall be pleased to discuss it with the hon. member to see whether or not he would wish it to be tabled.

Mr. McLeod: Mr. Chairman, I presume we are still on the first item. Is that so?

The Deputy Chairman: Yes.

Mr. McLeod: I am sorry I was not in the house to hear the complete speech made by the hon. member for Kootenay West. I presume he dealt with what is more or less a joint problem of the riding of Okanagan-Revelstoke and his own riding. I am sure from conversations we have had that he was dealing in some way with the question of dredging in the Arrow lake where the Columbia enters that lake. I believe the lake is his responsibility, and the town of Arrowhead and the land on the north is in my riding. I have a file from the board of trade in Arrowhead containing some correspondence they had with this department over the particular problem in that area.

I have talked this over with the hon. member for Kootenay West, and we have come to the conclusion that some dredging in the lake would widen the channel for the incoming water from the Columbia and eliminate the spreading action which it has at the present time. It is this narrowness of depth and the width to which it spreads that is the source of a lot of trouble in causing ice-jamming and ice-packing at the mouth of the river. According to advice from the board of trade at Arrowhead, I understand there has been some damage to the wharf there so far this winter, and further damage is expected this spring. We do believe that is the responsibility of the Department of Public Works, and we think it should be—and I feel sure it will be—attended to.

But the matter of erosion is just a little bit bigger problem. We understand that 35 feet of soil from the bank of the Columbia along the railway right of way into the town has already disappeared, and the whole question of erosion is quite serious. It is causing a lot of trouble to pole operators and sawmills. We took this up with the department. I have a very pleasant letter, ending with the regrets of the deputy minister that they could not see their way clear to spend as much money as their engineers had estimated it would cost to remedy the situation.

I am satisfied that the board of trade—and I know this from my own thinking—would not be justified in asking for the huge expenditure that would be required to take care of this matter. It would cost upwards of $500,000. I am satisfied that the people of that area are not expecting such a retaining wall, although as a permanent solution something along those lines may have to be studied and adopted. At the same time we are asking and hoping that the channel in the lake will be dredged and deepened to prevent this flooding by the river as it enters into the lake, which would eliminate or decrease the piling and jamming of ice and the erosion that takes place. Temporary measures will have to be taken.

I understand that the provincial department of agriculture set up some machinery during the last session of the legislature to make a study of river erosion in British Columbia. It is just in its initial stages, but I am satisfied that if or when this new department has been set up and is in operation in our province they will be prepared to co-operate fully with the federal department in seeking a solution to some of the problems.

While we have this letter refusing to spend the large amount of money which their engineers have claimed would be necessary, I should like to assure the minister that we are not asking for or expecting such a huge sum, but we do request that the whole question be looked at again and that the engineer get down to business with the people concerned there to see if some temporary and less expensive solution cannot be found to their problem. It is not only in Arrowhead. The Columbia river flows through the entire Revelstoke area, and there is a problem along its entire length. The whole thing will eventually have to be studied and some solution will have to be found to the problem of erosion. For the present we would request that immediate action be taken to find a solution to the problem that is facing the people in the Arrowhead district.

[Mr. McLeod.]

Mr. Robinson (Bruce): Mr. Chairman, I am very happy this afternoon to hear so many worthy compliments paid to the Minister of Public Works, the deputy minister and his department. No doubt they worked well as a team in the last war, and they are working well as a team now. I hope later on to be able to say that I am as satisfied in Bruce as several hon. members have been able to say here this afternoon.

There are several projects in Bruce that we are vitally interested in. The reason I rise at this time is that a project I have in mind has not been included in the estimates that have been tabled. It concerns a proposed post office in Teeswater. I had a question on the order paper on February 17 of this year, and the answers I received were very satisfactory. What I would like to get across to the minister is this. I would ask him to bring down the supplementary estimate as soon as possible to permit the building to get started in Teeswater so it can be finished in 1956, as the answers to my question indicated.

That is the only point I wish to make at this time. I can discuss the other problems we have when the details of the estimates are before the committee.

Mr. Mang: I want to take just a moment or two on this particular item, Mr. Chairman. I want to express the appreciation that the people from our area would want me to express to the department and its officials for the work it is doing in Qu'Appelle. We have no large cities; we have just small towns in our particular area, but through the years the services that have been rendered by government departments have grown. For example, a little post office which had perhaps a turnover of $300 in 1910 has a turnover today of $10,000; consequently the locations of the post offices have become woefully inadequate in many instances.

I wish to say that the department is co-operating in a splendid way in helping to meet the wishes of the people for better service accommodation. I should say, too, that in a small locality like ours where improved services are required, a local interest exists as to what type of building shall house the services. The department and its officials have been most co-operative in discussing local problems with the local boards of trade and interested citizens.

I might give an example of that. When the plans first came out for the new building to house the R.C.M.P. at Broadview, some people felt they were not in line with local thinking. Certain suggestions were made concerning minor but fairly important changes. We

were very happy that some changes were made at the request of local people. We have found the officials extremely co-operative in trying to meet the wishes of the people in the local community.

The minister has also been extremely co-operative. It was my privilege during the Easter recess to open a new public building at Kipling, the youngest town in Saskatchewan, and a beautiful little structure it is, indeed. It is not out of line with the size of the place. At first there were ambitious plans advanced by the local community calling for a much larger building. The department co-operated and we all got together and worked out the problems. While the cost of the present building is only a fraction of the original figure that was kicked around, if I may express it in those terms, the local citizens are very satisfied.

At the time of this opening the roads and highways were blocked, and there were walls of snow ten feet high. It was snowing and sleeting that afternoon. Despite the bad weather 400 people from neighbouring towns, including reeves, councillors and mayors, attended the opening. It was really a great tribute to the co-operative spirit which existed between the local community and the Department of Public Works.

I must say I was highly impressed by the officials who attended. They gave us every assistance in making the opening a worthwhile effort. I want to thank the minister for inviting me to officiate on his behalf on that occasion. The people in that area certainly appreciate the attention and the apparent interest shown by the department in serving that community.

Let me repeat that while we do hear certain criticisms of the department here and there, that sort of thing is bound to occur in any government undertaking. It seems that everyone has a licence to criticize the government in what it does. You always get a great many local, self-appointed experts who are convinced in some instances that they know more than the architect and the minister. In the main, however, we have experienced great co-operation from the Department of Public Works in my constituency.

I want to again express to the minister the great appreciation we have for his interest in our particular area. The minister and his department appear to realize that in our development through the years we have outgrown our existing accommodation. Our area dates in history from the 1870's. As I said at the beginning of my remarks there is a need for public buildings of the kind we are now getting.

I wish to thank the minister once more for inviting me to officiate at the opening of the new building to which I have referred, and to again express the appreciation of this and other communities in Qu'Appelle for what is being done in that area.

Mr. Green: Mr. Chairman, I have just one matter to place before the minister. Does the Department of Public Works have any responsibility whatever in connection with the removal of Ripple Rock?

Mr. Winters: Yes, that comes under the jurisdiction of public works.

Mr. Green: Could the minister explain to the committee the progress that has been made with that work? I cannot find any vote in the minister's estimates to cover it, and I am just wondering what provision is made for it?

Mr. Winters: There is a vote in the estimates, Mr. Chairman. If the hon. member does not mind, I would prefer to deal with it under the particular item. It is found on page 485 listed under "Seymour Narrows—Towards removal of Ripple Rock, $1 million". Is that all right?

Mr. Green: Has the Department of Public Works sole jurisdiction over this work or is any other department concerned?

Mr. Winters: No, it is under the sole jurisdiction of the Department of Public Works.

Mr. Green: Perhaps when the vote comes up the minister could give the house a statement as to what progress has been made and when it is expected the rock will be removed.

Mr. Winters: Yes.

Mr. Hahn: Mr. Chairman, I do not wish to unduly delay the committee, but I neglected to ask a question having to do with the report of the Department of Public Works. I notice a considerable change in the report from the form in which it has appeared heretofore. I do not think the present report is nearly as informative. On page 50, in connection with buildings in British Columbia, it says:

> Sundry repairs, renovations and improvements were made to the following public buildings under contracts having a value of $5,000 or over.

The report lists the repairs to the various buildings. I was wondering if the minister would care to outline why there is a change in the text. If we wished to obtain the information we used to receive we would have to put many questions on the order paper. This appears to be a brief or an abridged report.

Mr. Winters: The simple reason for that, Mr. Chairman, was to effect an economy without depriving hon. members of whatever information they might require. There was a duplication of information contained in the report and information of a similar nature contained in the public accounts. We felt we could achieve quite an economy by reducing the size of the report. This change made the report considerably easier to produce and gave us an opportunity to put it in the hands of hon. members at an earlier date and at the same time giving them the information that it was felt they required.

Item agreed to.

361. British Columbia, $6,495,000.

Mr. Barnett: Mr. Chairman, I would like to say a few words about this item. I should like to expand upon one or two suggestions I made earlier, and perhaps particularize some of my remarks of this morning. I said I felt that generally the progress made in supplying public buildings and other services has not been geared to the expansion of our economy.

In this connection I would refer specifically to the northern part of Vancouver island, which is one area in Canada which is growing with extreme rapidity. I mentioned that in the Alberni valley there are one or two areas where extensive developments in the pulp and wood products industries are taking place. I know the department has some property in Port Alberni for a new public building, but I felt I should raise this item specifically and suggest to the minister that in view of the rapid growth that is taking place, any plans the department may have developed should be expedited and accelerated to the point where at least in some measure they keep pace with the industrial growth of the area.

In the Alberni valley there are two cities, Port Alberni and Alberni. In both cities there exists an acute shortage of space, particularly in the way of post office accommodation. I mentioned this morning that the present post office building in Port Alberni was erected in 1913. I might say at this point that it is not now able to meet the needs of the Post Office Department, let alone those of other branches of the federal government.

There is a nice little post office building in Alberni which, if I remember rightly, was erected about 1938 or 1939, but here again the facilities available are not sufficient to meet the needs of the present population. The whole situation has been affected by the rapid growth that is taking place. If plans are being considered for the provision of accommodation in this area I hope they will be accelerated in order to meet the present need.

While I am dealing with this subject I should like to draw to the attention of the minister the almost phenomenal growth which has taken place in Campbell River. I know the department has plans for a federal building in this centre which has developed from a small tourist, fishing and logging village into one of the major industrial centres on Vancouver island. Here again I would urge that if plans are being formulated, they be accelerated in order that the department may give attention to this particular project.

Those are the two points in my district where I feel that the time lag to which I referred earlier is most acute. I should like to emphasize the importance of a program for the provision of public buildings in these two areas.

Mr. Hahn: Mr. Chairman, during the past year a building which was being used by officials administering the Veterans' Land Act was vacated and I understand that these officials were moved to the public building in New Westminster. A new addition to this building is now under construction. Could the minister indicate the circumstances under which these officials were moved, whether it was the policy of the government to have them moved into the building to which they were moved, or just why this was done? The lease on the building in which they had been accommodated was up for renewal. Were there any other circumstances having to do with their leaving the building?

Mr. Winters: As far as I know it was just a routine move. I do not know of any unusual circumstances.

Mr. Hahn: Would the minister care to enlarge on my other question with respect to the development of the public building in New Westminster? As I understand it the present plans call for a portion to be built at this time and the demolition of the present post office, which will be rebuilt. Just what are the plans with respect to that building?

Mr. Winters: I shall get a report on that for my hon. friend.

Mr. Gillis: Mr. Chairman, I understand you are taking these items province by province and have slipped by Nova Scotia, but I just want to ask the minister one question. About two months ago I noticed an announcement in the press, apparently by the official project announcer, that there were plans under consideration for a new public building in Glace Bay, presumably to replace the present post office. Could the minister state whether any official consideration has been given to that

particular project, or was that announcement just the result of somebody's imagination?

Mr. Winters: What was the nature of the announcement?

Mr. Gillis: That there was to be a new public building in Glace Bay replacing the present post office. This would be quite a big project.

Mr. Winters: I should like to see the announcement to which my hon. friend refers. We have nothing of a definite nature. We have been giving some thought to accommodation in Glace Bay, but we have not advanced to the stage where there is anything definite.

Mr. Gillis: Still under consideration.

Mr. Patterson: While we are on this particular item I should like to call the minister's attention to the need for a federal building in the village of Hope, British Columbia. We hope it will become a reality. This matter was called to the attention of the postal department some time ago. It was brought to my attention first by a letter from the municipal clerk of the corporation of the village of Hope, dated July 31, 1954. The letter states:

> Dear Sir:
>
> The Hope village commissioners have instructed me to place before you the matter of a federal building in Hope, in the near future.
>
> The post office has been rather inadequately housed for years in various rented premises, and is about to be moved again.
>
> The commissioners feel that with Hope's growth the last few years, consideration might be given to a government building. They would like to ask your opinion on this, and your assistance.
>
> Yours truly,
> M. G. H. Stuart,
> Municipal Clerk.

Upon receipt of that letter, I communicated with the Postmaster General, the late Hon. Alcide Cote, and called this matter to his attention, pointing out that Hope was a very progressive town in the Fraser valley, having shown substantial growth throughout the past number of years, and at the present time has a population of approximately 3,000. New industries are in prospect for this area, and with these additional developments the area certainly will continue to grow at a very rapid rate. In reply I was advised that the Postmaster General could not recommend the erection of a building at that particular time because of the fact that arrangements had been made for rented premises, which they found were adequate for the present.

However, I should like to point out again today that Hope is a very progressive community. Certainly I feel that some definite consideration should be given to the erection of a federal building in this locality. At the present time Hope is in need of further government services. Of course, as I have indicated, it is in need of additional postal facilities. The present facilities are now not sufficient to take care of the situation.

There is also need for a national employment service office, and this was brought to my attention in the past few weeks. At the present time the persons concerned have to travel a considerable distance to get to the nearest office, which causes considerable delay and inconvenience and entails considerable expense on the part of those who have to make a considerable number of trips to Chilliwack. Such a building could house this particular office and also a veterans affairs office, the closest one being located also at Chilliwack.

There is also the suggestion that they could possibly have a fisheries office there. I understand that previously one was located at Hope but it had been closed. At the present time the meteorological office is housed in very small rented premises in the village of Hope. Therefore I suggest that these conditions warrant the erection of a federal building. On behalf of the people of that community I would ask the minister and the government to give consideration to this matter, with a view to bringing in something along those lines, at least by the time the next estimates are introduced in the house.

Mr. Winters: I should like to answer a question asked by the hon. member for New Westminster about the building there. The contract that is under way now is for the construction of the first portion of the work, that is, the building of a portion of the whole project which is on the property we acquired from the city. When that is finished the occupants of the present portion of the building will move into the new building, and the old building will be renovated.

Mr. Regier: I have long waited for this item of the estimates to come before this house. I was very pleased last fall to receive from the department an invitation to attend the laying of the cornerstone of the new so-called $10 million post office in the city of Vancouver. I notice that the city of New Westminster is also getting a new public building. I am not going to criticize that. I think these progressive cities of British Columbia are well worth the investing of substantial sums of money.

However, I should like to call to the minister's attention that this house some time ago had a debate, rather limited because of the application of the rules of this house, in which by means of a resolution we were asking the federal government to take advantage of

every possible opportunity to promote the decentralization of industry. I should like to submit to the minister that the business of the federal government is the greatest business that now exists in the Dominion of Canada. Before this government attempts too strongly to advise industry to decentralize, it should do some decentralizing of its own enterprises throughout the country.

What I have reference to is the tendency to consolidate and establish huge centralized sections of various departments of government in some of the major cities. I could speak for hours on the subject of the evil effects such a policy will have. However, I am going to limit myself to making only a few remarks on it.

Whilst I am glad that a city the size of New Westminster, with a population of some 30,000, is getting a new public building, I should like to ask the minister when the 78,000 people in Burnaby will be considered a large enough population to deserve a public building. It has been asked for on a number of occasions. Just before the 1953 election there was an item in the estimates for that purpose. I do not know whether or not that was only to enable the Liberal candidate to win re-election to this house. However, since the election it is to be noted that that item has disappeared from the estimates, and I would very much like the minister to give us a little information on what progress, if any, is being made. I do not complain at all—

Mr. Goode: I rise on a point of order, Mr. Chairman. It seems to me that the hon. gentleman has created some suspicion in this house that an amount was put in the public works estimates to allow me to be re-elected in Burnaby-Richmond. I hope he will assure the house that the impression I got was not correct.

Mr. Regier: I noted the hon. member entering the house while I was speaking. I do not think he followed my argument completely. I was asking the minister for information as to why this item for a public building for Burnaby was in the estimates in that election year and has since been taken out of the estimates. It has not been revoted, and I have seen little headway being made since that time in putting up a public building in Burnaby.

I know the minister takes the attitude that he will not put up a public building unless he is asked to do so by some particular minister on behalf of some particular department of government. In other words, if the Postmaster General would ask him to put up a public building in Burnaby he would do so. However, I feel he should also know the utter chaos that has existed for several years now in the Post Office Department, and the Postmaster General is not yet well enough acclimatized to his new responsibilities to know whether or not a place such as Burnaby is actually in need of a post office building.

The people there resent the discrimination. They do not like all these things centred in the major cities surrounding them. I know that public buildings have been erected in some relatively minor places. I believe White Rock and Cloverdale have new public buildings. I noted that the hon. member for Fraser Valley put in a plea for a public building at Hope. In addition to the 78,000 people in Burnaby who want a federal public building erected, there are also some 4,000 people in the city of Port Moody who are in need of a public building. Recently the people of Port Coquitlam put forth considerable effort to get a public building. The city council there, with the support of various ratepayer organizations and the board of trade, asked for the erection of a public building to accommodate not only the post office but other departments of government as well.

They feel that these departments should be decentralized. There is not much personal contact between unemployed men and the officer placing men in employment if the men are lined up for several blocks before they reach the official. We believe that if more unemployment offices were set up throughout the country more efficient service would be rendered to the unemployed, because the officers in smaller offices would be in much closer touch with the needs of employers in the area and would have a much more personal knowledge of the particular occupations that the unemployed would be able to fill.

I have not done so before, but at this time I should like to make a plea to the minister to consider seriously the problem of when is the time to award public buildings to rapidly growing suburban areas in the fast developing regions of Canada. I have attempted to find out from various officials in the minister's department exactly what are the conditions under which a public building will be agreed to by the department. I find there is no set or fixed rule. Each case is decided on its own merits, and when you attempt to find out what the merits are that warrant a public building you run up against a wall. You cannot find out. You think maybe if there is a Liberal member for the district that will help bring about the erection of a public building.

I can assure the minister that I found that was not the case even before he became minister. The people of my riding elected a Liberal member in the year 1940 and then

re-elected him in 1945. He is now Minister of Fisheries. In 1949 they elected the hon. gentleman who is now the member for Burnaby-Richmond in what used to be his riding. Yet after all these years the needs of the people have not been met. Therefore it is obvious that party patronage is not the deciding factor, and I should like to compliment the department on that fact. The people back home felt that electing a Liberal for all those years did not get them a public building, so why should they not vote for something else for a change.

I hope the minister can give us some indication of exactly what is the deciding factor with respect to when a community can obtain a public building. Is it only on the basis of a request from some other department of government, or are there any other factors that I have not yet been able to discover? When places like White Rock and Cloverdale are provided with public buildings, when I hear a plea made for a public building for a relatively small city such as Hope—and I am sure the hon. member for Fraser Valley feels keenly that Hope should have a public building—I should like to know under what conditions some 78,000 people can expect to obtain a public building.

Mr. MacLean: I should like to revert briefly to item 353 in order to take this opportunity to ask the minister to report briefly on the progress made in the construction of the federal building in Charlottetown and when it is expected it will be ready for occupation.

Mr. Winters: At the end of March 81 per cent of the building had been completed and paid for. The target date for completion is September 27, 1956.

Mr. Bell: Could I ask the minister about the item of $100,000 for Saint John? I presume that is for the new customs building. Would the minister say what progress is being made?

Mr. Winters: I can only tell my hon. friend that the plans for the building are proceeding very well. We have an estimated date by which we hope to be able to call for tenders. That is around the latter part of this year. I have November of this year as the target date. I would not want the hon. member to feel I was binding myself to that date because there are too many variables between now and then, but we are hoping to go to tender somewhere around the end of the present year.

Mr. Bell: I appreciate the statement of the minister and I should like to express my thoughts with respect to the replacement of the old building. I used all the adjectives I could use in the last two years but once again I urge all haste in replacing the old building. During the Easter holidays I took my life in my hands and walked around the old building in Saint John. While half of it is roped off, it is a danger and an eyesore to the whole community. One of the gentlemen there at the time pointed out to me a piece of the ledge that had fallen off the building and had just missed the arm of the collector of customs by two or three feet. Therefore it is not only an eyesore but we may be losing valuable civil servants if something is not done.

Mr. Goode: I hesitate to enter the debate twice in one day, but I think an explanation is due the house with regard to the amount of $75,000, of which the present minister knows nothing. That was done under the former minister, and I think the hon. member for Burnaby-Coquitlam should be straightened out on the matter. He is quite right in saying that $75,000 was put in the estimates. That was the amount arranged to purchase certain properties in the southern part of Burnaby close to his present boundary, and the money was to be spent to buy the land for a federal building. As soon as these people found out that the federal government was going to purchase the property the price went up overnight to $160,000. I suggested to the minister at that time that the purchase not be made and the amount was taken out of the estimates.

Mr. Herridge: I should like to ask the minister two questions under this item, which I understand has to do with British Columbia public buildings. Can he inform the house when he expects the public building at Trail to be completed, and also the public building at Castlegar?

Mr. Winters: The target date for the completion of the building at Trail is March of 1957. The target date for the completion of the building at Castlegar is in August of this year.

Mr. Knowles: I wonder if I could have permission to revert to one of the items which I understand was carried while I was attending the estimates committee?

The Chairman: Was the hon. member for Burnaby-Coquitlam rising on resolution 361?

Mr. Regier: Yes. I should like to thank the hon. member for Burnaby-Richmond for the information he has given this committee. I still have not had an answer from the minister, and I should like to point out to him we now have a new city hall in a central location in Burnaby and it is a very beautiful

building. I should like to ask him if there is any hope of his department purchasing a site in that vicinity within the foreseeable future. Unless he takes action soon he is apt to find that he will be paying many, many times the amount of money for which that site for a future public building could be purchased today. Have we any reason to hope that there will be a reappearance of this item which vanished from the estimates a few years ago?

I was hoping the minister would mention Port Coquitlam, because the department owns some lots there. These lots have been an eyesore for quite a number of years. They are in the centre of the city, and the federal government does not even keep the place clean. They are used for a garbage dump, and the mayor has often appealed to the federal government to do something about the lots they own, to either put up a public building or sell the lots to someone who would turn them into an asset for the city. I should like an answer as to what we might reasonably expect him to do in Burnaby within the foreseeable future, as well as what his plans are in connection with the lots the department now owns in the city of Port Coquitlam.

Mr. Goode: I should like to speak once more in regard to the public building in Burnaby. I support the hon. gentleman in his request. The Minister of Public Works has been in that part of the country. He knows Burnaby and knows there are 75,000 to 80,000 people there now and will be 125,000 before many years have gone by. I share the consternation of my hon. friend when he says he does not understand why we are not receiving recognition. I understand that the Post Office Department will have to requisition this building. We want two offices in the building, one for war veterans allowances and one for unemployment insurance. My hon. friend and I are going to keep calling for this until we get an appropriation in the estimates.

Item agreed to.

Mr. Knowles: I had to be in attendance in the estimates committee, so item 358 slipped through while I was there. May I be permitted to ask the minister two questions?

The Chairman: Has the hon. member unanimous consent to revert to this item?

Mr. Winters: I do not mind the hon. member reverting to the item if he is simply going to ask one or two questions, but I would not like to have a debate opened up on an item that has been passed.

Mr. Knowles: I am in the hands of the committee. The only reason I ask is because I was out in the estimates committee.

[Mr. Regier.]

Mr. Winters: Is it just a matter of asking one or two questions?

Mr. Knowles: Yes.

Mr. Winters: All right.

Mr. Knowles: Can the minister tell us when he expects the new Winnipeg post office building to be completed? My second question is, can the minister assure us there will not be an interruption in employment on this building next winter as there was this past winter?

Mr. Winters: The chances are, Mr. Chairman, that the building will be completed before we get fully through another winter construction season. But if that is not the case, then I should like to feel that I can assure my hon. friend there will be no interruptions. I think he knows to what extremes we went to avoid interruption there during this past winter season. In answer to his specific question, we feel that the building will be fully completed and ready for occupancy by February of next year.

Mr. Knowles: Perhaps the minister might take one more question which arises out of that answer. Has any decision yet been made as to what the government intends to do with the old post office building on Portage avenue?

Mr. Winters: A final decision has not been made, Mr. Chairman, but we think it will be declared surplus and turned over to the crown assets corporation.

364. **Unforeseen improvements, $900,000.**

Mr. Green: The particulars in connection with this item are given at page 469 of the estimates, and I notice that last year there was a vote of $1 million but the actual expenditure, together with an estimate for the last three months, totalled $350,000. Why is it necessary to put in a figure of $900,000 this year? It would seem that there is some excess in that. As I understand it, this is a general item to cover improvements that are not foreseen at the moment. It would appear that this figure of $900,000, even though it is $100,000 less than last year, is in excess of what is required.

Mr. Winters: Mr. Chairman, I am told we borrowed against that vote from time to time considerably in excess of the $350,000 shown. The vote was very useful in that way. I do not know whether $900,000 will be too much this year. It is a matter of contingencies, and I can assure my hon. friend it has been very useful on occasions.

Mr. Green: Then the figure of $900,000 in this vote is, in effect, a fictitious figure? The vote is used by the department for borrowing money for some other purpose entirely?

Mr. Winters: It is a matter of protection against unforeseen events, such as storm damage and things of that nature. It is an estimate of what we might require. There is no way of determining with any precision just what will be required. I hope we do not need any of it.

Mr. Green: It is past five o'clock anyway, so perhaps the minister could look into that further and let us have a more detailed statement when the estimates are again under discussion.

Mr. Winters: I do not know what more I can give, but if there is anything more I will give it.

Item stands.

Progress reported.

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

PRIVATE BILLS

SIGNATURE LOAN AND FINANCE COMPANY

The house resumed, from Tuesday, March 27, consideration of the motion of Mr. Richardson for the second reading of Bill No. 166, to incorporate the Signature Loan and Finance Company, and the amendment thereto of Mr. Ellis.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, it is nearly three weeks now since I was interrupted in the middle of a sentence by the winged chariot of time, and since I have an aversion to leaving sentences hanging in mid air I would like, with your permission, to finish that sentence.

On looking up *Hansard* of March 27 I see that I was dealing with a suggestion offered by the hon. member for Trinity (Mr. Carrick) that the objections that were being made to this particular measure were of a type that could be equally well made against such an investment as that in the Aluminum Company of Canada, and I was suggesting that such an analogy was completely false and completely misleading.

Now you may say, sir, that the objections to this bill have been based on the ground that it is a foreign company; but I submit to you the fact that it is a foreign company is merely an aggravation of the situation with which we disagree. To draw an analogy between a foreign investment such as that made by a company like the Aluminum Company, which comes into the productive enterprise of this country and increases the wealth production of the country, and an organization such as is envisaged in this bill, which is coming here merely, as I said earlier, to batten on the misfortunes of the Canadian people, is I think a very misleading thing to do.

I do not think it makes a great deal of difference, sir, whether it is Canadian racketeers or foreign racketeers who get into this particular business, but I do think this house should give serious consideration to the evident state of affairs in this country which provides a happy hunting ground for just such organizations as this, whether they be foreign or native. And rather than providing an opportunity for another organization to profit by the misfortunes of the Canadian people, we should be examining very carefully our responsibilities toward the Canadian people to see why it is there are apparently a growing number of our fellow citizens who are obliged at one time or another to take advantage of the lending facilities of those companies, even at the outrageous interest rates they charge. I suggest, sir, the very fact that those companies are able to operate and find customers within the Canadian community for loans at interest rates of 23 per cent and 24 per cent per annum indicates very clearly that there is something radically wrong in our economy.

It is not so very many years ago, sir, when it was commonly accepted that it was a very serious state of affairs for people to get into the hands of moneylenders. Various pieces of legislation were introduced to attempt to control that situation, and lending institutions had their powers to set interest rates very greatly curbed. But I suggest to you, sir, that the ability of companies still to charge 23 per cent and 24 per cent indicates that we have not gone nearly far enough. I would therefore support wholeheartedly the motion of my colleague from Regina City (Mr. Ellis) that this bill be given the six months' hoist.

Furthermore, I would suggest that the government take a very serious look at the situation in Canada which is apparently enticing those corporations to come into our country to batten, as I say, on the misfortunes of Canadian citizens. It is merely an aggravation that this is a purely foreign company coming here, not, incidentally, to lend foreign funds to Canadian citizens but, if it follows the practice of existing companies in this field, to borrow Canadian money from Canadian banks to lend to Canadian citizens, and to take the profits from those transactions outside this country. Therefore, sir, I support this six months' hoist and very seriously recommend it to hon. members.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, this bill, together with another very similar bill has been discussed by my colleagues on a number of occasions now. I think they are to be commended for bringing this matter forcibly to the attention of the Canadian public. We are not so naive as to think we can outvote the supporters of the government

if they are inclined to support this bill or any other bill in the house, but we have a duty and a privilege to bring to the attention of the public any legislation we feel is tending toward dangerous ground. The number of bills that have appeared this session dealing with finance companies and lending institutions generally, including legislation proposed by the government itself dealing with lending, is really amazing. One begins to wonder just what the end is going to be.

This particular bill is an attempt to incorporate a new finance company. It is interesting in several respects, but to me it is most interesting because of the appearance again as one of the directors of a gentleman by the name of Duncan Kenneth MacTavish. I want it clearly understood sir, that anything I have to say about this gentleman is not meant to be derogatory or critical of him as a person. I have no personal knowledge of this gentleman whatever. All I know is of his connections.

On looking through the various finance bills that have appeared here, and the small loans companies generally, I find that this gentleman appears with monotonous regularity as a director of those companies. One begins to wonder how he has attained this great ubiquity in the finance world in Canada. If one links that up with the fact that he is the president of the national Liberal federation, then one has reason to wonder whether, in addition to the attempt that has been made by various Liberal leaders in this country recently to establish a one-party system in politics, they are not trying to extend that into the economic field.

Mr. Bennett: Is that not awful?

Mr. Zaplitny: I heard someone across the way say, "nonsense".

Mr. Bennett: I said, "Is that not awful?"

Mr. Zaplitny: I beg your pardon; I thought I heard the word "nonsense". Of course we are so used to hearing "nonsense" from across the way that I was leading up to a reply to it.

There is a danger, a very definite danger, when the president of a political party of nation-wide importance finds himself director, chairman, vice-president, and so forth, of a great plethora of financial institutions in this country. Without saying anything derogatory about this gentleman himself, as I said, I think we should know, this house should know and the country should know, what some of his financial connections are.

I have before me an excerpt taken from the *Financial Post*. This was in 1955, and may not be right up to date. If he has in the meantime divested himself of any of these positions, of course that will have to be taken as understood. However, according to this report, Mr. MacTavish is quoted as being connected with the following firms: chairman of the Jubilee Brewery Company.

An hon. Member: We have heard that.

Mr. Zaplitny: Someone across the way says, "We have heard that". I am putting this on the record because, as a matter of fact, when the hon. member for Burnaby-Coquitlam (Mr. Regier) stated some of the business connections of this gentleman, he did not mention the ones I am now mentioning. This is in addition to the list which is already on the record. He is chairman of the Jubilee Brewery Company; president of Bestec (Canada) Limited; president of CKOY Limited; president of W. D. Morris Realty Limited; president of Primco Limited; vice-president and director of the Holden Manufacturing Company Limited; of Instruments Limited and of the Metcalfe Realty Company Limited; secretary and director of Pitney-Bowes of Canada Limited; member of the executive committee and director of the Southam Company of Canada Limited; director of the Canadian Bank of Commerce, the Crown Life Insurance Company, Gatineau Power Company, Ottawa Car and Aircraft Limited, Associated Screen News Limited, and New York Capital Fund of Canada Limited. That is really a good one; New York Capital Fund of Canada Limited. I would like an explanation of that.

He is also a director of Personal Finance Company of Canada, which now seeks to transform itself into the 'Beneficial Finance Company. He is a director, too, of Quality Records Limited, Textile Improvements Limited, Triarch Corporation Limited, British American Bank Note Company Limited, R. L. Crain Limited, Holt Renfrew and Company Limited, Sylvania Electric (Canada) Limited and the Royal Trust Company.

That is a very impressive list of firms with which to be connected. One begins to wonder why it is that this same gentleman is asked to appear as director, chairman or vice-president, etc., of all these different companies. Surely it is not simply because he is capable and efficient. Regardless of how capable and efficient he may be it is not because he could give his personal attention to the direction, in a business sense, of all these different companies with which he is connected; that, of course, would be physically impossible. It makes one wonder whether or not an attempt is being made by means of these interlocking directorships to have a friend in court, to have a gentleman

available who happens to be president of the national Liberal federation of Canada as a sort of insurance.

One can well imagine how very convenient such an arrangement might be. Let us take the operation of the average finance company. What do they need? First of all, of course, they need money, so Mr. MacTavish, as director, can go to the Canadian Bank of Commerce or he can go to the New York Capital Fund of Canada Limited, the Royal Trust Company or the Crown Life Insurance Company in order to ask for funds.

Another thing these companies require and which it seems to me they use to an excessive extent is publicity and advertising. Mr. MacTavish therefore finds himself a director of the Southam Press; very convenient. He is also a director of Associated Screen News Limited.

Perhaps finance companies require good business locations, the most advantageous locations in a city. Mr. MacTavish also happens to be vice-president and director of the Metcalfe Realty Company; also very convenient.

Perhaps at times they might even wish to provide a little music and light entertainment, possibly at the time the national Liberal federation is having a convention in the city of Ottawa. Well, Mr. MacTavish is vice-president and director of Instruments Limited. I suppose that would be very convenient, too. When it comes to refreshments it is perhaps most convenient of all, because Mr. MacTavish is chairman of Jubilee Breweries. He is also a director of Quality Records Limited. In view of this arrangement I think it might be appropriate if the Liberal party were to have a theme song. It might well be the "Beer Barrel Polka", because recent developments indicate that brewery companies are rather closely connected, finance-wise, with the Liberal party in the province of Ontario, and I have no doubt that the same obtains right across Canada.

These are some of the considerations of importance. I think the Canadian public will be well advised to heed the advice that has been given in this house by several of my colleagues, and particularly in an excellent speech given the other day by the hon. member for Comox-Alberni (Mr. Barnett)—

An hon. Member: We will be really hard up when we have to go to you fellows for advice.

Mr. Zaplitny: —when he drew attention to the excellent service that can be provided in the small loans field by the credit union movement in Canada. I think if this government wanted to do something really constructive and useful in the way of providing cash to people at a reasonable cost it would do something to promote the credit union movement by assisting it in providing the facilities and services it has available.

There is a world of difference between the way the credit union operates and the way these finance companies operate. We now have plenty of figures on record to indicate that even with a very small capitalization, and usually with foreign capital, the finance companies can come into our country, borrow money from the chartered banks and insurance companies with which they are interlocked in their directorships, and then use that money which they get at a low interest rate to lend out at interest rates running as high as 24 per cent. The profit goes back to the shareholders of the companies concerned. A great proportion of it goes back to the United States and performs no service to the Canadian people.

The credit union movement, on the other hand, because it belongs to the members of the society and because it is based on service to the community and is a non-profit organization which is designed to serve the community, operates in a totally different way. The money left in surplus is distributed amongst the people who make use of the facilities in the form of dividends, and by cutting down the final interest rate that keeps the money in the community and helps to build it up. It is the most efficient and human way in which to solve our financial problems.

I think this house would be well advised to turn down this bill and go forward with helping the credit unions develop their facilities for financing.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, although my colleagues have covered a great deal of ground in discussing this legislation there are still a few comments which I feel should be made.

First of all I would like to commend two of the hon. senators for the extremely constructive comments they made while this bill was before the other place. I refer to Senator Croll and Senator Horner. Senator Croll quite correctly drew attention to the fact that the taking over of the small loans field by large United States corporations presents a serious threat to our economy. I am sure all hon. members are agreed that you cannot improve economic conditions for the people in the lower income brackets by encouraging them to divert an increasingly larger percentage of their total income into interest payments to loan sharks. When people are so desperately in need of goods that they feel obliged to pay 26 per cent per annum in order to get the things which they cannot get with their limited resources, they are merely postponing an evil day.

The last annual report of the superintendent of insurance draws to our attention the control exercised by two major United States small loans companies now operating in Canada which do about 85 per cent of the business in this field. The remarkable growth of these two United States companies in the last four or five years is certainly alarming, and we now have another United States company coming into this field. It is indeed disturbing.

I find that this is an extremely profitable field as indicated in the superintendent's report. The small loans companies started out in 1950 with earned surpluses of $3·9 million, and these have gone up to $6·6 million. That is the net surplus, the cream they have been able to skim off the poor Canadians who feel obliged to go to their offices to get further and further into debt and pay interest at the rate of 26 per cent. This has enabled these companies who report to the superintendent to increase their net. The amount of capital stock has likewise increased during that period, and the total assets of these companies, owned and controlled 85 per cent by United States principals, were as follows:

1950	$ 61,000,000
1951	79,000,000
1952	87,000,000
1953	99,000,000
1954	111,000,000

The last year for which returns are available is 1954. I submit that this alarming development which has been brought to our attention by the superintendent and also by Senator Croll should give us material for consideration.

Mr. Deputy Speaker: Is the hon. member referring to a debate in the other place? If so, I am afraid I did not rise quickly enough to point out that he is not in order.

Mr. Nicholson: I merely mentioned that this matter did receive critical attention by two senators in the other place. When we consider conditions in the world today, where there are serious economic problems, where usury has developed, I think the extent to which it has developed in Canada poses a very real problem. I was interested in reading a speech delivered by the hon. member for Lambton-Kent (Mr. MacKenzie) in 1949 after he had returned from a trip to China. He described most vividly the poverty he found in that country, and he said that while there he had obtained a much different outlook as to the purpose of Chiang Kai-shek who at that time was considered to be quite a hero. The hon. member pointed out that he had never seen poverty of that nature any place in the world in which he had been. One reason for the upheaval in China was the fact that interest rates of 26 per cent had climbed to 46 and 50 per cent. When the poor people of any country find themselves in the position where they have to pay such fabulous interest charges it is a matter of national concern.

The hon. member for Assiniboia (Mr. Argue) referred to a memorandum which the Department of National Defence felt necessary to distribute to troops across the country in connection with this particular problem. The department pointed out that the Bank of Canada had reported that consumer credit had increased from $959 million in June, 1950, to $2,090 million in 1955. This was the total of charge and instalment accounts, loans, purchases of household goods, personal loans and small loans. Those who were responsible for the preparation of this memorandum had made a careful study of the situation and had observed the disturbing effect upon the morale of the troops because of problems that arose when members of the army, air force and navy found themselves in the clutches of these sharks, as they have been described by other hon. members who have spoken. It was pointed out quite accurately that people who were getting $200 a month should not get into debt so they have to pay an interest rate of 26 per cent in order to bridge the difference between what they are getting and what they think they would like to get.

Some of these companies making these fabulous profits have gone to a good deal of expense to insert advertisements in daily newspapers and periodicals which reflect upon the intelligence of hon. members of this house. They have made disparaging remarks about the credit union movement. While I was home at Easter I attended the annual meeting of the credit union of Sturgis. This organization has been kind enough to help me out from time to time when I have been in financial difficulties. The performance of this organization is considerably different from the performance of these large United States corporations which are fleecing poor Canadian people to the extent I have mentioned.

The credit union at Sturgis has been in operation since 1939. They now have a membership of 300. The members deposit their money with the local secretary when they are in funds, and then when credit problems arise the credit committee decides who are worthy to be granted loans. Since this credit union was established they have made loans totalling $414,924. They do not have to charge 26 per cent interest. As a matter of fact, not only do they make loans to their members, they provide insurance so that if the person obtaining a loan has the misfortune

to pass out of the picture before the loan is repaid the debt is written off. By using a small percentage of their net earnings they provide this insurance feature so the families who are left will not have to worry about discharging their debts.

I suggest that we would be better advised to be using some of our resources to encourage organizations of this type which are trying to combat the small loans companies. These companies spent a total of $1 million or more this year to try to convince people that they are their pals, that if they will only come to them they will be able to arrange trips to Florida and so on. Such advertising is misleading. One senator referred to this as being very much like the narcotic drug habit.

An hon. Member: Order.

Mr. Nicholson: We should be concerned about granting further concessions to outside capital to come here and place our people in the position where they must pay 26 per cent interest in order to provide large dividends for men like the president of the national Liberal association and others who live south of the border. Therefore I hope that the six months' hoist which has been proposed by this group will have the support not only of the hon. member for York Centre (Mr. Hollingworth) who is absent today, but of all members on the other side. I would stress the fact that this is not a political matter, it is a matter of economics.

Mr. J. M. Macdonnell (Greenwood): I shall vote against this amendment, and I think I had better say just a word as to why. This is a measure asking for the incorporation of a company under well recognized practice. It is, I am advised, the invariable practice in these cases that these bills go to the banking and commerce committee, where the matter can be discussed. That seems to me to be in accordance with common sense and also in accordance with fairness.

We have been discussing this here in what appears to me a rather one-sided way, with no opportunity for the applicants to state their case. If the matter goes to the banking and commerce committee I think, as I said a moment ago, it will be in accordance with common sense and fairness, because there both sides will be represented. The applicants will be able to come and state their case. Those who are critical will be equally able to state their case. That seems to me as it should be.

In voting against this amendment I do not consider that I am voting in favour of the details of the bill. I consider myself entitled to discuss the matter when it comes before the banking and commerce committee, and what I am voting for is to send the matter to the banking and commerce committee where, as I say, it can be discussed in what seems to me the proper manner.

Before I sit down I might point out that this matter has been before the other place, which followed the usual practice of allowing those who are making application for incorporation to state their case before the recognized parliamentary tribunal, shall I say, namely the banking and commerce committee.

Mr. H. R. Argue (Assiniboia): I am very much disappointed to hear the statement by the hon. member for Greenwood as to the position the Conservative party is taking in this regard. I think it should be obvious to all members of this house and to all fair-minded Canadians that an interest rate that amounts to over 26 per cent a year is a disgrace to Canada, that it imposes a tremendous—

Mr. Macdonnell: I rise on a point of order. My understanding is that we are discussing the incorporation of the company, and not at the present time the question of interest rates at all. That may very well come up. There is a bill in which it will come up, but I suggest that what we are discussing now, and the only thing we are discussing now, is a measure to refer the incorporation of this company to the banking and commerce committee.

Mr. Argue: Of course we are not discussing that either. We are discussing whether this bill should be given the six months' hoist, whether or not the bill should be killed. I am suggesting that the bill should be killed, because unless it is this company then will be given the same right that has now been given to other small loan companies, namely to charge an exorbitant and extortionate rate of interest of over 26 per cent a year.

Because we are thoroughly opposed to such a high and burdensome interest rate, and because we feel that this action will likely strengthen the institutions that are charging this exorbitant rate, we in this group have fought against this and other measures and hoped that we would convince members of this house that action should be taken to reduce the interest rates.

Surely we as members of parliament should not take the attitude that has been suggested, that we should give approval to the principle of the bill because that is the fair thing to do, because we can discuss the details in the banking and commerce committee and we can hear both sides, with the suggestion being made that the banking and commerce committee will give very fair and unbiased consideration to the representations

that will be made before it. We know from past experience that the committees of this house have a majority of government members on them.

Mr. McIlraith: Is that not proper?

Mr. Argue: I am not arguing against that. I am just stating it as a fact. The government has a majority of members on the committee. The government members almost never, if ever, oppose government policy—not Liberal members, anyway.

An hon. Member: Why should we? That is why we are here.

Mr. Argue: The Minister of Trade and Commerce said a few weeks ago, "Boys, you will have to toe the line." He did not need to say that. They have been toeing the line for years. But he suggested to them that there should be no deviation. There has been no deviation, and there probably will be no deviation.

An hon. Member: What about your own party?

Mr. Argue: I think it is only fair to say that when this bill goes to the banking and commerce committee, the government members will support it completely. Even if the hon. member for Greenwood or any members of his party decide at that late date that this company should not be incorporated their hands will be tied, because there is nothing they can do in the banking and commerce committee in the face of that kind of situation to change the provisions of this bill.

So I suggest that the Conservative party should have made a stand on this question. Particularly we would like to have seen them supporting the move to prevent further companies from getting into this field to carry on these high rates of interest and, more particularly, a move by the Conservative party to have the interest rates reduced.

The Liberal party is in favour of high interest rates. Even the move they made was a creeping step in the direction of an almost imperceptible reduction in interest rates. The Social Credit members had one speaker, I think, in this whole discussion or perhaps one or two others. They are probably going to vote with us, but there was no will to fight. They did not get in and help us. They just sat it out enjoyed the discussion and said, "We are not going to vote the wrong way. We are not going to be caught voting the wrong way, but we are not going to get in and wage a real scrap to get the interest rates down."

The attitude of the Conservative party, of course, should not be a surprise to anyone. It is precisely the same as the Liberal party, to help big business, to help the wealthy people through small loans companies to continue to fleece the ordinary Canadian.

Mr. G. C. Nowlan (Digby-Annapolis-Kings): I had not intended to say anything in this debate, but since a reference has been made to the Conservative party and since my hon. friend purports to judge and to look into the mirror and read it, I just wish to say that the Conservative party—and I assume all parties in this house—believe in the rule of law.

As I understand it, the rule of law has been well established in this country for many years, at least on this particular practice, namely that corporations seeking incorporation under a dominion charter, unless they come under the dominion Companies Act, come to this parliament and present their bills. Then they are given an opportunity to be heard, and the machinery set up for that purpose is the banking and commerce committee, to which this bill is going to be referred.

At this late date I certainly do not wish to see here the totalitarian control such as we have seen established in other parts of this world. I do not want to see the House of Commons adopt that practice, decide without trial and without judgment and say, "We condemn you without a hearing." Frankly, with respect, I think a great deal of this discussion about iniquitous interest rates has been completely out of order because we are dealing with the incorporation of one company and not with the general principle of this matter.

When the time comes for us to discuss that matter before the house we shall be prepared to take our stand on it, but we are not going to take the position—or at least I am not going to take it—that when the citizens of this country or any other country come before the parliament of Canada in accordance with the long established practice of the house, which has been in effect for 50 or 75 years, and when they present their bill, we will deal with it without a hearing.

If the attitude of the Conservative party is that these people should receive a hearing in the banking and commerce committee, it is one I am proud of and am prepared to stand by. I know nothing about this bill or the proponents of the bill. The committee may decide on this bill one way or the other. It may be that when it is reported back to the house the members of the house, myself, your party, any hon. member, will decide to take a certain position, but certainly we have not reached the stage in this country yet, and I hope we never will and I do not think we will—certainly if the Conservative party is in power we will not—where men are going to be tried and condemned without a hearing,

without a trial, and when the old established usages and principles which have made this country great and which we have inherited are going to go down the drain.

With all due respect I think it is much better to follow those principles than to have "Daddy Argue" or anyone else taking the child by the hand and saying, "This is not good for you. We know best; we are not going to let you do it." For that reason I am going to vote against the amendment and for the bill.

Mr. W. M. Johnson (Kindersley): Mr. Speaker, the statement of the Conservative party is most revealing. It has been stated now that they will never again vote against the second reading of any bill—

Mr. Nowlan: If you want to read that into it, go ahead.

Mr. Johnson (Kindersley): —for fear parliament would become a kangaroo court. I think we might refer to the incidents of last year when the Conservative party took a definite stand with respect to the defence production measure, and when they did get definite results.

Mr. Fulton: This is a private bill.

Mr. Johnson (Kindersley): I think the statement of the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) that he knows nothing about the legislation before the house is just as revealing, because we have had a debate on this matter in the private members' hour—

Mr. Nowlan: I rise on a question of privilege. I did not say I knew nothing about the bill. I said I knew nothing of the proponents or sponsors of the bill, which is quite a different thing.

Mr. Johnson (Kindersley): The fact still remains that we know enough about the functions of these loan companies in the field of supplying credit to the Canadian people that the members of the opposition at any rate should be well aware of the implications of these high interest rates so far as the Canadian public are concerned. If we are to be an effective opposition I think we should do everything within our power to prevent the continuation of this type of legislation.

I just want to say that I am in complete accord with the remarks that have been made by my colleagues in advocating a system of credit utilizing our credit unions which are set up in such a way as to deal fairly with the needs of the Canadian people without putting undue financial pressure on them and without charging the exorbitant rates of interest charged by these loan companies. I too am making one last appeal to those members of the official opposition who some day want to occupy the seats of government to show some initiative now and support us in our effort to prevent the incorporation of this company. The house divided on the amendment (Mr. Ellis) which was negatived on the following division:

YEAS

Messrs:

Argue	McCullough (Moose Mountain)
Barnett	McLeod
Bryce	Nicholson
Cameron (Nanaimo)	Patterson
Castleden	Quelch
Coldwell	Regier
Ellis	Smith (Battle River-Camrose)
Gillis	Stewart (Winnipeg North)
Goode	Thomas
Herridge	Yuill
Johnson (Kindersley)	Zaplitny—25.
Johnston (Bow River)	
Jones	
Knowles	

NAYS

Messrs:

Anderson	Henderson
Applewhaite	Henry
Arsenault	Hodgson
Ashbourne	Howe (Port Arthur)
Balcom	James
Batten	Jutras
Bell	Kickham
Benidickson	Kirk (Shelburne-Yarmouth-Clare)
Bennett	Lafontaine
Blair	Langlois (Gaspe)
Blanchette	Lavigne
Boisvert	Lefrançois
Bourque	Lusby
Bruneau	Macdonnell
Buchanan	MacDougall
Byrne	MacKenzie
Cardiff	MacLean
Caron	MacNaught
Carter	McIlraith
Charlton	McIvor
Churchill	Mang
Clark	Marler
Dechene	Martin
Deschatelets	Nowlan
Deslieres	Philpott
Dickey	Pommer
Dumas	Purdy
Dupuis	Richard (Ottawa East)
Eyre	Roberge
Fairey	Robichaud
Fraser (St. John's East)	Robinson (Simcoe East)
Fulton	Rouleau
Gagnon	St. Laurent (Quebec East)
Gardiner	Shipley, Mrs.
Gauthier (Lake St. John)	Stuart (Charlotte)
Gauthier (Nickel Belt)	Thatcher
Gauthier (Portneuf)	Viau
Gingras	Villeneuve
Green	Weaver
Gregg	Weir
Habel	Weselak
Harkness	Winters—87.
Harris	
Harrison	
Hellyer	

On motion of Mr. Regier the debate was adjourned.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

JET AIRCRAFT TRANSFERS

Question No. 257—**Mr. Castleden:**

1. How many used jet aircraft were transferred from Royal Canadian Air Force to other NATO countries in 1953-54-55?

2. To what countries were these jet aircraft transferred?

Answer by: **Mr. Campney:**

1. No. of aircraft: 1953-54, 54; 1954-55, 124; 1955-56, 75.

2. Greece and Turkey.

SOCIAL SECURITY PAYMENTS, TAX COLLECTIONS—ATLANTIC PROVINCES

Question No. 321—**Mr. Brooks:**

1. How much money has been paid from the federal treasury to each province in the past ten years under provisions of (a) Old Age Security Act; (b) Family Allowances Act?

2. How much money has been collected by the federal government from each of the Atlantic provinces by way of taxes, customs duties, succession duties, or by any other means in the same period?

Answer (amended) by: **Mr. Pinard:**

1. The following table shows the total net payments made to individuals in each province in the past ten fiscal years. With the exception of Newfoundland payments under the Family Allowances Act commenced in July, 1945, and payments under the Old Age Security Act commenced in January, 1952. In Newfoundland payments commenced in 1949-50.

	(a) Total net old age security payments to March 31, 1955	(b) Total net family allowance payments to March 31, 1955
Newfoundland	$ 23,395,340	$ 65,089,410
Prince Edward Island	10,376,000	23,408,757
Nova Scotia	57,235,370	148,663,574
New Brunswick	40,742,425	129,093,637
Quebec	232,907,626	949,739,815
Ontario	404,349,252	857,402,814
Manitoba	64,581,490	156,294,551
Saskatchewan	64,750,325	186,881,212
Alberta	63,634,356	200,380,888
British Columbia	127,675,750	207,315,310
Yukon & Northwest Territories	736,640	5,792,400
	$1,091,384,574	$2,930,062,368

Figures for the fiscal year ending March 31, 1956 are not yet final and have therefore not been included.

2. Customs and excise division. It is impossible to know how much money has been collected from each of the Atlantic provinces by way of customs duties, excise duties or sales or excise taxes. The duties and taxes on goods imported through or manufactured in the maritime provinces are paid not only by residents of these provinces, but also by others to whom the goods are sold or delivered in other parts of Canada and no statistical segregation of the duties or taxes is kept on this basis.

2. Taxation division. The total amounts of tax collected by the taxation division in each of the Atlantic provinces in each of the past ten fiscal years are as set forth in the following statement. These amounts include collections of income and old age security taxes, excess profits tax and succession duties.

Tax Collections by Taxation Division in Atlantic Provinces
Fiscal Years 1946-1955

Fiscal Year	NFLD.	P.E.I.	N.S.	N.B.
	$	$	$	$
1946	—	3,046,361	40,224,137	28,144,892
1947	—	2,915,343	35,128,396	26,105,998
1948	—	2,550,139	29,503,445	23,486,674
1949	—	3,253,729	27,812,394	24,475,101
1950	4,163,949	2,776,793	24,338,200	19,054,472
1951	11,088,279	2,982,452	29,486,593	20,305,258
1952	19,267,532	2,812,260	35,558,408	31,116,418
1953	25,976,056	3,305,279	46,593,471	34,425,033
1954	23,667,694	3,028,174	41,164,738	34,334,163
1955	24,181,453	2,481,615	37,607,624	28,913,994
Total	108,344,963	29,152,145	347,417,406	270,362,003

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

344. Departmental administration, $1,128,150.

345. Expenses of work in the interests of fire prevention, $137,570.

346. Furniture and furnishings for government departments, $2,127,721.

Property and building management branch—

347. Branch administration, $207,558.

348. Ottawa—Maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, heating, etc., and to authorize commitments against future years in the amount of $500,000, $14,456,914.

349. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, heating, etc., and to authorize commitments against future years in the amount of $800,000, $23,884,597.

Building construction branch—

350. Branch administration, including district architects, staffs and related expenses, $1,499,500.

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual projects—

351. Newfoundland, $2,027,000.
352. Nova Scotia, $2,470,000.
353. Prince Edward Island, $750,000.
354. New Brunswick, $745,000.
355. Quebec, $9,710,000.
356. Ottawa, $8,720,000.
357. Ontario (other than Ottawa), $9,730,000.
358. Manitoba, $5,125,000.
359. Saskatchewan, $1,360,000.
360. Alberta, $3,540,000.
361. British Columbia, $6,495,000.
362. Yukon and Northwest Territories, $320,000.
363. Outside Canada, $800,000.

HOUSE OF COMMONS

Monday, April 16, 1956

The house met at 2.30 p.m.

SMALL LOANS ACT

AMENDMENT PROVIDING THAT ADVERTISING SHALL STATE COST OF LOANS

Mr. R. R. Knight (Saskatoon) moved for leave to introduce Bill No. 213, to amend the Small Loans Act (advertising).

Some hon. Members: Explain.

Mr. Knight: Mr. Speaker, the effect of the passing of this bill would be to bring about an amendment to the Small Loans Act by which those moneylenders who advertise would be compelled to state the cost of such loans to the consumers in terms of per cent per annum.

Motion agreed to and bill read the first time.

JUDGES ACT

AMENDMENT TO PROVIDE SALARIES FOR ADDITIONAL JUDGES IN QUEBEC AND BRITISH COLUMBIA

Hon. J. J. McCann (for the Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Judges Act to provide salaries for four additional judges of the superior court of Quebec and two additional judges of the supreme court of British Columbia.

Motion agreed to.

MOTIONS FOR PAPERS

VANCOUVER-JOYCE SUB-POST OFFICE—CHANGE OF LOCATION

Motion No. 49—**Mr. MacInnis:**

For a copy of all letters, telegrams and other communications, from August 1, 1955 to February 24, 1956, between any person in the Post Office Department and any person or persons in Vancouver, British Columbia, relative to the change of location of the sub-post office Vancouver-Joyce (No. 9795), and the change of postmaster at the said sub-post office.

VETERANS LAND ACT—EXPROPRIATION OF PROPERTY, B.C.

Motion No. 56—**Mr. Goode:**

For a copy of all correspondence, telegrams and other documents exchanged between the Minister of Veterans Affairs, the officials of the Veterans Land Act administration, Vancouver, and the province of British Columbia, prior to January 1, 1955, regarding expropriation of property held by the veterans under the Veterans Land Act on Patterson road, Richmond, British Columbia, said expropriation for approaches to the Oak street bridges and the proposed highway to the United States from Vancouver to the state of Washington.

He said: Mr. Speaker, I have been assured by the parliamentary assistant that there is no correspondence in regard to this matter and I ask that the resolution be dropped.

Mr. Speaker: Dropped.

HAMILTON AND DISTRICT TRADES AND LABOUR COUNCIL

Motion No. 58—**Mrs. Fairclough:**

For a copy of all letters written by the Postmaster General to the Hamilton and district trades and labour council during the month of March, 1956.

AUDITOR GENERAL'S REPORT—SALE OF GUNS

Motion No. 60—**Mr. Diefenbaker:**

For a copy of all invoices or other documents of purchase and sale of guns, referred to in paragraph 36 of the Auditor General's report regarding certain items in the 1955 public accounts.

Mr. Dickey: There is no objection to the passage of this resolution subject to the usual reservation with respect to consent being received from other governments.

Motion agreed to.

SOUTH SASKATCHEWAN RIVER—CONSTRUCTION COST ESTIMATES

Motion No. 61—**Mr. Diefenbaker:**

For a copy of all correspondence, since January 1, 1952, with any companies from which the government or any minister or department received estimates of costs, on the basis of 1953 prices, for the construction of the South Saskatchewan dam and irrigation project.

Mr. Gardiner: Mr. Speaker, as the house knows, a question with regard to this matter was placed on the order paper on February 24 by the hon. member for Prince Albert (Mr. Diefenbaker). On that occasion I gave all the information which I thought should be given to the house in the public interest at this time. This order asks for the correspondence to be tabled, but the only letters in existence are marked "confidential" and must remain confidential under the understanding reached until such time if and when tenders are asked for

on the South Saskatchewan river dam. I am sure the house will realize that it would not be fair to individuals who are prepared to do the work at a certain price to have their names and the details of their offers circulated at this time. Therefore I suggest to the hon. member that he do not press this order.

Mr. Diefenbaker: I shall let it stand for the time being.

Motion stands.

TRANS-CANADA PIPE LINE—ALTERNATIVE OFFERS

Motion No. 62—**Mr. Diefenbaker:**

For a copy of all letters and other documents received by the government or any minister or official from Mr. Frank McMahon or his agent or representative, and from Gairdner and Company Limited, since March 1, 1956, in which plans or offers have been made or suggested regarding the construction of a gas pipe line from Alberta to eastern Canada.

Mr. Howe (Port Arthur): Mr. Speaker, at the last sitting the hon. member asked verbally for these documents and they were filed with the Clerk within an hour after his question had been asked. Under the circumstances perhaps this motion could be dropped.

Mr. Diefenbaker: The McMahon documents were not filed.

Mr. Howe (Port Arthur): There were no McMahon documents.

Mr. Diefenbaker: On a question of privilege, I do not know just how I can table the documents which I agreed to table during the exchange between the minister and myself the other day. I have them ready to table if there is any means whereby they can be tabled.

Mr. Speaker: The tabling of documents by the hon. member could take place merely by his sending them to the Clerk. Of course the tabling of such documents would not appear in *Votes and Proceedings* but they would be placed at the disposal of hon. members. If the hon. member for Prince Albert would care to send them to the Clerk I am sure that the Clerk would permit interested hon. members to have a look at them. What do we do with this motion?

Mr. Diefenbaker: If all the documents have been tabled then of course the motion is ineffectual.

Mr. Speaker: Is the hon. member agreeable to letting it drop?

Mr. Diefenbaker: Dropped.

Motion dropped.

[Mr. Gardiner.]

EXTERNAL AFFAIRS

ISRAEL—REPORTED REQUEST TO PURCHASE JET AIRCRAFT

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, does the Prime Minister intend to make a statement to the house in regard to the proposed sale of Sabre jet aircraft to Israel, as reported in the press over the week end?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there has been no sale of jet aircraft to Israel. The report in the press speculates about a request which has been submitted to the government and which is still under consideration.

NATIONAL DEFENCE

REFERENCE TO AIRBORNE OPERATIONS NEAR PRESTON, ONTARIO

On the orders of the day:

Mr. A. W. A. White (Waterloo South): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Will the minister order a thorough investigation into the dropping of airborne troops, as part of a recruiting drive, in the vicinity of the town of Preston in my riding during which 50 paratroopers were let out of planes in such a location that they descended all over the town of Preston, many landing in a heavily industrialized area where high tension wires endangered the lives of all participants?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I think the question of the hon. gentleman, of which he was kind enough to give me notice, is whether or not an investigation into the incident of the dropping of parachutists near Preston would be instituted. I may say that, as soon as I heard of that incident, I immediately ordered an investigation, which is now in progress. As a matter of fact, so far as I am able to determine from such information as has been given me up to now, it would appear that it was an unexpected and sudden change in both the velocity and the direction of the ground wind, which led to the unfortunate incident to which he refers.

[*Later:*]

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, may I direct a supplementary question to the Minister of National Defence? Are there any restrictions placed on the training of airborne troops during certain windy days? What I mean is, is a limitation placed on the

training so that it will not take place when there are high winds or winds above a certain velocity?

Mr. Campney: I think the general rule is that from experience and training data it is fairly well established when paratroops can be properly dropped. Incidentally, these were all very experienced paratroops, but there is never an absolute certainty, because of the vagaries of the wind, which may change during any given drop. I may say also that this drop was stopped as soon as the incident was observed, and a good many of the paratroops did not make the jump. I do not think one can say there are any definite rigid rules other than the natural care and caution which come from experience.

TRANSPORT

FERRY "BLUENOSE"—STATEMENT AS TO RESUMPTION OF SERVICE

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Last week, when I was asked when the *Bluenose* would be resuming regular service, I indicated that I would take the question as notice. I am glad to be able to inform the hon. member who raised the question that the *Bluenose* is now on, and has been on, its established winter schedule, which involves a trip from Yarmouth to Bar Harbor on Monday, Wednesday and Friday, and a trip from Bar Harbor to Yarmouth on Tuesday, Thursday and Saturday. I cannot, therefore, answer the question literally since resumption of regular schedule is not and has not been involved.

It may be that the hon. member was thinking of the more frequent service which it is intended to provide during the summer period. I understand on this score that the Canadian National Railways has announced that commencing June 26 its summer schedule of daily service will be put into effect.

CANADIAN BROADCASTING CORPORATION

HOCKEY—INQUIRY AS TO BROADCAST OF ALLAN CUP SERIES

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): I should like to direct a question to the Minister of National Revenue. In view of the great interest in Canada's national pastime, can the minister state whether the C.B.C. will broadcast the Allan Cup series being played in British Columbia, commencing on Thursday night of this week?

Hon. J. J. McCann (Minister of National Revenue): I shall bring the matter to the attention of the C.B.C. and give an answer as soon as possible.

PUBLIC SERVICE

REQUEST FOR EXTENSION OF 40-HOUR WEEK TO PREVAILING RATES EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Public Works? Will the minister look into the situation that has arisen with respect to some of the prevailing rates employees in his department who are having their take-home pay this month reduced by virtue of going on the 40-hour week? Will he see if something cannot be done to maintain their total take-home pay at its full amount?

Hon. Robert H. Winters (Minister of Public Works): That situation has been thoroughly gone into, and I believe the employees concerned are fully aware of just what the situation is.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO SETTING UP OF CANADA COUNCIL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask the Prime Minister whether the Canada Council for the encouragement of the arts, letters, humanities and social sciences is being set up, and whether a number of Canadians have been asked recently whether they would accept appointment to that new council?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker, the council has not been set up, and I have not recently asked anyone if he would accept appointment to that council.

[*Later:*]

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I should like to ask a supplementary question of the Prime Minister. Having heard the Prime Minister a year and a half ago use words which, to me at any rate, suggested the early appointment of the Canada Council, may I ask him whether there is nothing that can be said at the present time more encouraging than the absolute negation that he gave in answer a few minutes ago?

Mr. St. Laurent (Quebec East): I am afraid there is nothing more encouraging that can be said at this time, Mr. Speaker.

[*Later:*]

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Prime Minister? In view of what he has already said in answer to questions today, can he say whether his statement of March 1 still stands, namely that the appointment of the Canada Council is still under consideration?

Mr. St. Laurent (Quebec East): Yes, Mr. Speaker.

GRAIN

WHEAT—DISPOSAL OF SURPLUS TO MAKE ROOM FOR NEW CROP

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to ask the Minister of Trade and Commerce a question. In view of the thunderous storm a while ago from yonder corner of the house with respect to the failure of the government to handle our surplus wheat, I should like to ask the minister a question. Does he find it is difficult now to handle the surplus wheat? My second question is, is there any justification for reducing the price of wheat or giving it away in order to make room for the next crop?

Right Hon. C. D. Howe (Minister of Trade and Commerce): All I can say, Mr. Speaker, is that excellent progress is being made in moving our wheat out of the country for dollars without price reduction.

Mr. H. R. Argue (Assiniboia): Does the minister feel that the wheat situation is sufficiently optimistic that he can say that as much grain will be moved out of country elevators in the present crop year as was moved out a year ago?

Mr. Howe (Port Arthur): Mr. Speaker, I feel optimistic enough to say just that.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO PROVIDE FOR HIGHER CONTRIBUTION TO COSTS OF HIGHWAY

The house resumed, from Thursday, March 22, consideration in committee of the following resolution—Mr. Winters—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the Minister of Finance may pay a higher contribution for a portion of the highway in a province not exceeding ten per centum thereof; to extend contributions to costs incurred up to December 31, 1960 and to terminate all contributions on May 31, 1961; and to provide further that the aggregate of all expenditures under the act may be increased to a maximum of two hundred and fifty million dollars.

[Mr. St. Laurent (Quebec East).]

Mr. Fulton: Mr. Chairman, this is one of those matters which is resumed after considerable delay, occasioned mainly by the Easter recess. The last time we discussed it was on March 22. I said a few words prior to the adjournment on that day in which I had just got to the point where I was seeking to demonstrate that the proposal now before the house is neither adequate to ensure the completion of the trans-Canada highway by the date mentioned in the resolution, namely, December 31, 1960, nor is it fair as between provinces which are participating members under the trans-Canada highway agreement. This resolution, if it carries, and the bill which will be based on it, would confine the increased federal contribution to 90 per cent of the now uncompleted portion of the highway, not exceeding 10 per cent of the total mileage in any one province. That will have the effect—and I refer particularly to British Columbia and Ontario, the two provinces with the highest per-mile construction costs—that they will not receive a federal contribution which goes anything like far enough to take account of their actual per-mile construction costs.

It also has this further effect. It will penalize a province which has pressed on with the construction of the highway under the existing agreement because in the proposed legislation there is no feature which takes account of completed mileage. In the introductory remarks of the parliamentary assistant to the minister it was made clear that this resolution and the legislation to be based on it have reference only to the uncompleted portion of the highway, with the result that for those portions of the highway already completed through the mountainous area and through the rock and lake area of Ontario, or any of the other difficult portions of the highway which have already been constructed, the provinces are to get no additional reimbursement. If the province has been vigorous in its construction program in the past, as I say, it is now penalized to the extent that it gets only up to 10 per cent of the cost of the remaining mileage at the increased rate whereas a province which may have lagged behind in its construction program in the past and therefore has a bigger mileage uncompleted, can get up to 10 per cent of the total portion at the increased rate of 90 per cent contribution by the dominion government. That is something which seems to be a discrimination against those provinces which have pursued a vigorous construction program.

Furthermore, Mr. Chairman, the proposal seems to me to leave out of account altogether

the obligation on the dominion government—and I use the term "obligation" deliberately—to ensure that there will be at least one trans-Canada highway completed with the least possible delay. I think it is an obligation of the national government to ensure that there shall be a national highway from coast to coast in Canada, it is perfectly true that the objective involves—and rightly so—the co-operation of the provinces because road building and jurisdiction over roads when built are provincial responsibilities. But I think it is the responsibility of this government to ensure that the road is completed and that it is possible for the provinces to complete the road.

I know for a fact what the situation is with respect to my own province. This matter is not dependent upon what particular government may be in office in a province. I am sure that other members know with respect to their provinces—and it is the situation with respect to mine—that their provinces now are extended nearly to the limit with respect to their commitments on road construction. They have extremely heavy obligations. In British Columbia we have many developmental roads which need to be constructed and many secondary roads which need to be brought up to an adequate standard. The provinces cannot disregard their obligations in this field in order to go ahead and devote all their energies within their road building commitments to the completion of the trans-Canada highway simply because the dominion government says, "We want you to do this and we will pay a portion of the cost but only after December 31, 1960".

The provinces have too many other pressing commitments with respect to road building to allow them to be prejudiced because they can only get a dominion contribution under this program within a limited period. They find themselves in the position where they are only going to get a very limited dominion contribution in any event, that is up to 90 per cent of 10 per cent of the presently uncompleted road, but nothing over 50 per cent for the remainder. I believe that to expect the provinces faced with very heavy per mile construction costs on the portion of the road which exceeds 10 per cent of the total mileage in the province to drop everything else and devote the necessary effort to that uncompleted portion within this period will not make it possible for the road to be completed within the time contemplated. I feel, therefore, that this government should take a new look at the problem in conjunction with the provinces to work out some scheme which would be more within the resources of the provinces to complete within the time contemplated.

We are left, sir, with this inescapable fact. We are now virtually at the end of the first seven year period of the agreement and we have not got anything like a completed first class trans-Canada highway. The dominion government went a certain distance towards accepting this responsibility in the first agreement, but it did not accept its full responsibility. How can it be denied that there is a responsibility today to see that steps are taken to complete a trans-Canada highway in this year 1956 when you contrast our position with the position in the United States where, with greater wealth and a greater population, they have had a national highway system for many years? In view of the comments that have been made on the present proposal by provincial highways ministers, in view of the facts we ourselves know about the difficulties in connection with the construction of these roads and their tremendous costs, I believe not only that this proposal is inadequate with respect to the one road but that we are stopping short of assuming the full responsibility which the central government should assume with respect to a highway system generally.

Where so much depends on the development programs which are followed, so much depends on the opening up of new territory and so much of the cost of that development in providing the physical plan and equipment—roads are certainly part of the physical plan and equipment necessary for development—rests with the provinces while the nation as a whole receives in large measure the general benefit from such a development program, and the federal treasury benefits to the greatest extent as a result of the increased revenues which accrue from these developments, it seems to me antiquated thinking to say that the dominion government is only partially responsible and only for one road. I am convinced, without going into the details, that the time has long gone by when this whole question of a national highway system, to which the dominion government will make a contribution on an agreed basis with the provinces, should be faced and solved if a fair apportionment as between the dominion and the provinces of the cost of development is to be adequately made.

So I suggest to the minister in all earnestness that he take a further look at the problem. I believe that this resolution falls short of meeting the requirements of the situation, both with respect to the one road and because I believe it is unsound thinking to concentrate all our attention on the problem of a single trans-Canada road and that it

is time we were thinking and planning in terms of a national highway system.

Mr. Argue: We in this group are pleased that the government has seen fit to extend provisions for the building of the trans-Canada highway. Certainly a great deal has already been accomplished in the time that has been spent in the building of that highway. I think the action taken by parliament and by the provinces will provide a genuine service to the people of this country.

Although a good deal has been accomplished much remains to be done. As was pointed out by the Department of Public Works in a statement made on January 5, of the 4,580 miles already in existence, apart from the road going through the province of Quebec, only 1,315 miles have been paved to date. In other words 30 per cent has been paved to trans-Canada standards and 1,727 miles remain to be graded and surfaced. In other words, 37 per cent of the mileage has still to be paved. So while we have made considerable progress we still have a long way to go.

Hon. members sometimes wonder whether provincial governments, composed of parties different from the party which composes the federal government in power, will in fact co-operate with the federal government on the various projects. I think the co-operation of all provincial governments that have taken part in this program, regardless of their particular party affiliation, indicates that the provinces generally are anxious to proceed with this project and to follow it through to completion.

Because I come from Saskatchewan I am naturally particularly pleased with what I consider to be the excellent showing made by that province on its portion of the trans-Canada highway. As I read the statement released by the Department of Public Works, Saskatchewan has now paved more miles of the trans-Canada highway within its borders than has any other province. I realize that that is not a completely fair comparison because certain other provinces do not have the same mileage and certain other provinces have a more difficult and expensive construction program through terrain that is not nearly as accessible as the terrain in Saskatchewan. Considering Saskatchewan's relatively meagre resources I think the province is to be commended on taking what amounts to a lead in proceeding with this very important project.

The hon. member for Kamloops made one statement which I do not think is correct and which I hope is not correct. He suggested that the provinces which have proceeded with the building of this highway are now going to be penalized by the terms of this resolution. I hope the hon. member is wrong in saying that, because I fully agree that any province which has co-operated and has built a large portion of its road mileage should in no way be penalized as a result of having co-operated with the federal government. On the face of it, such a penalty would not be fair. If such a penalty were levied by the provisions of this new act, I would be fearful that future co-operation with any of the provinces in federal undertakings would be jeopardized. I merely express the hope that when the legislation is drafted and presented to this house no province will be penalized in any way because it has proceeded with its portion of the highway in good faith and in full co-operation with the federal government. I observe that the parliamentary assistant is nodding his head in the affirmative so I take it that whatever the precise provisions of the new bill are there will be no penalty to any province which has acted in good faith.

I think a project like the trans-Canada highway and the further development of our roads is not something that can be considered as a net expense or a loss to the country; rather I consider such an expenditure by the people of Canada in an adequate highway program an investment that will pay dividends in the future, an investment that will in fact be self-liquidating. I believe it will benefit the people of this nation through greater productivity that will more than offset the actual cost of such a program.

We know that the roads in all provinces of Canada are inadequate and leave much to be desired. If we had an adequate highway system in this modern age of automobile transportation huge sums of money would be saved, I am sure, through a saving in gasoline consumption, a saving in repairs to automobiles and trucks and a saving in labour because transportation would be speeded up.

I believe that the use of new roads to develop mining areas would increase the wealth of this nation and would add to our general prosperity and economic well being. I think the federal government should consider spending relatively large sums of money to promote the building of highways that will open up new mining areas in the great northern part of this country. I think that such development roads would increase the wealth production of our nation to a degree that would offset many-fold the cost of such roads.

I am not well acquainted with all the development roads that might be undertaken, but having some knowledge of the

province of Saskatchewan I would suggest that probably three development roads should be built in that province. I suggest an extension of the highway north through Lac la Ronge to Uranium city; an extension of highway No. 4 north of North Battleford also to Uranium city, both highways opening up relatively large and important new mining areas. I would also suggest a development road from Nipawin to Flin Flon to open up a further area. These are the types of roads which if proceeded with would not be a net expense but would be a self-liquidating investment in the future.

Our country depends for a substantial part of its prosperity on the tourist industry. In 1954 our tourist industry earned more than $300 million. I do not think any hon. member would deny that if we had a better highway system in Canada we could increase our tourist industry by a substantial amount. In view of all these considerations I suggest that the government should take a new look at the highway program and should be prepared to invest federal money in the building of an adequate road system in Canada, not as something that would be a net expenditure or a net loss but as something that would be an extremely important investment in the future of this nation.

One only needs to point out that at the present time it is estimated that there are four million automobiles in Canada. As far as the number of automobiles is concerned, it is theoretically possible to transport all Canadians in automobiles at one given time. The excellent brief presented to the Minister of Trade and Commerce by the Canadian automobile association pointed out just how important the automobile industry is to our nation. It stated that one person out of every seven owes his employment to the automobile industry. With an industry of such proportions I thing it is well that the government should take active steps to encourage its development. Of course the first essential would be to encourage the development of an adequate highway program.

Somebody may say, "Let us leave it to the provinces, let us leave it to the municipalities". But as a nation we have been leaving it to the municipalities and to the provinces in this field as we have in so many other fields, with I suggest inadequate results. I submit that the provinces and municipalities are already bearing their full share of the burden of building highways. I have in my hand statistics showing the estimated amount of money to be spent on roads in Canada this year. It is estimated that provincial and municipal governments combined will spend $535 million, while the federal government's total road budget in all its departments will be only $27 million.

When one realizes that the federal government gets the lion's share of taxation revenue he will understand that the provinces have undertaken a most burdensome part of the cost of building roads in this country. The federal budget for this year is estimated at $4,650 million; the provincial budgets for 1955 totalled $1,360 million and the municipal budgets for the last year for which I was able to obtain statistics, 1952, totalled $950 million. It will be seen from those figures that out of each dollar of tax revenue the federal government gets 67 cents, the ten provincial governments combined get 19 cents, while all municipal governments, rural, village, town and city, get only 14 cents of the taxation dollar. I suggest that in all fairness the federal government should consider bearing a larger proportion of the cost of road construction in this country. The provinces are already doing a good deal while the federal government is doing relatively little.

One of the reasons why the provinces are unable to build roads to adequate standards and to have an adequate road mileage is the fact that the number of miles of road related to each provincial budget is not the same as the number of miles of road related to the budgets of other provinces. In other words, some of the poorer provinces in Canada have the largest road mileage to service. Saskatchewan has more miles of improved roads than any other province in Canada. The 1952 highway statistics published by the dominion bureau of statistics give the improved road mileages as follows:

	Miles
Saskatchewan	100,000
Ontario	74,000
Alberta	52,800
Manitoba	17,500

In other words, Saskatchewan has as many miles of improved roads as Alberta and Manitoba combined. Saskatchewan is relatively one of the poorer provinces of this country and certainly when we consider its road obligations it is unable to adequately service 100,000 miles of improved roads. In other words, if Canadians living in all the provinces are to have adequate roads it is essential that the federal government put some real money into a national road building program.

We can take a lead in this connection from the United States. The United States began its federal road program as long ago as 1912. In 1912 the United States government appropriated a certain sum of money to pay one-third of the cost of constructing roads over which the mail was carried. The mail routes

in the United States composed most of the important roads in that country. In 1916, four years later, there was a large appropriation of $75 million to be spent over a period of four years on road development.

The United States has gone on year after year to increase the amount of federal money spent on roads. The amount of money spent by the United States government on roads is not confined to one trans-American highway, one road across the country; it is not confined to main highways. The road program in the United States provides money for main interstate highways, for improved highways within states, for farm to market roads, roads over which school buses travel and roads over which mail is carried. The result is that every single mile of road in the United States of any importance has in its construction a certain amount of federal money.

Any of us who have travelled in the United States, and I am sure we all have at one time or another, cannot help but be impressed with the tremendous highway system they have in that country. No one would suggest that Canada could afford to match the United States program dollar for dollar, but I submit that Canada should be able to match the United States program at least in proportion to our population and that we in Canada should provide federal expenditures on roads not less in proportion to our population than is now being spent in the United States on that basis.

Mr. Reinke: May I ask my hon. friend a question? Can he state what percentage of the gasoline tax the federal government in the United States takes?

Mr. Argue: A portion of the gasoline tax in the United States is obtained and used by the federal government.

Mr. Reinke: Do they levy a tax of so much per gallon?

Mr. Argue: I cannot tell my hon. friend what the rate is, but the United States federal government does levy such a tax.

Mr. Bourget: It is 2 cents a gallon.

Mr. Argue: I am informed that it is 2 cents a gallon. That is the tax they levy on gasoline but there is no tax on gasoline levied by the federal government in Canada.

Mr. Reinke: Would you suggest that the federal government levy a tax on gasoline?

Mr. Argue: No, I am not suggesting that, but I do suggest that the Canadian government should be doing much more that it is now doing by way of providing money for roads. I do not think it is necessary at all for the federal government to encroach on the field of gasoline taxation in order to provide money for roads. I have already quoted statistics which I think show that the federal government now takes 67 cents out of every tax dollar. In my opinion the federal government has never been short of fields of taxation and there is no need for it to extend its fields of taxation in order to provide money for such a project.

The hon. member wants me to tell him where I think we can get some money. I believe it is indicated that the Minister of Finance will have almost $300 million extra this year in the form of taxes owed by corporations last year, which money will go into current revenue. I am suggesting that the federal government could match on a population basis the money paid for roads by the government of the United States without increasing taxation in this country in any way, shape or form.

I should like to go on to point out some more details of the United States program. The United States government spends money for a system of primary roads. They have 216,000 miles of rural highways and 18,800 miles of urban highways. The appropriation for the year ending June 30, 1956, for this primary system will be $315 million. If Canada would spend the same amount on a population basis we would be spending something over $28 million, assuming our population to be approximately 9 per cent of that of the United States. If we spent it on the same proportionate mileage, we would be spending such a sum on 19,500 miles of primary roads in this country.

The United States for the same year spent money on 483,000 miles of the secondary highway system. The secondary highway system includes farm to market roads, rural mail routes and school bus routes, and on that secondary system the United States has appropriated $210 million. If Canada spent the same proportionate amount, we would spend $18,900,000 on such a secondary system, or on 43,500 miles in our country.

The urban system, which is also included in the primary system to which I have referred, constitutes 18,812 miles. This year the United States will spend on its urban system $175 million. This is money spent by the federal government of the United States to help take the highways through their large urban centres. Taking highways through heavily populated cities, of course, is very expensive. To enable the cities and the states bear the cost, $175 million is appropriated for this purpose. If we did the same in Canada, we would appropriate for that purpose $15,750,000 on a comparable mileage of 1,700 miles.

The interstate highway system, including the large expressways and the trunk highways in the United States, are limited to 40,000 miles. For this year the federal government will spend $175 million. If Canada did the same, we would appropriate $15,750,000 for this purpose, or for a mileage of 3,600.

An hon. Member: They do it by taxation.

Mr. Argue: The United States government is spending on all its road systems, for the year ending June 30, 1956, $875 million. On a proportionate population basis, Canada, to equal the expenditures of the United States, should be appropriating $78,750,000 for this purpose. Even if we appropriated this larger sum of money, it would in no way mean a comparable improvement in our highways, because we have so many more miles of roads for our population than has the United States. If we did it on the same proportionate mileage we would be spending money to assist a system of 68,300 miles of roads this year, rather than something under 5,000 miles, expenditures for which are being provided by the resolution that is now under discussion.

I am suggesting that our federal government could do much more in the way of providing moneys in the building of an adequate road system in our country. The government of the United States not only provides substantial sums of money for its tremendous road system in that country but does it on a formula that, I suggest, is very fair. It provides grants to the states based on the area of each state, based on the population of each state and based on the road mileage within each state. Because the federal government has provided money on that basis, the relatively poor states, the states with sparse populations, obtain a larger proportion of the money they spend on roads from the federal treasury.

I have here the estimates of the amounts of money spent during the past year on roads in three of the states. The total expenditure in North Dakota was just over $13 million, and of this $13 million 50 per cent, or $6,500,000, was provided by the federal treasury. In the state of Montana, a state with a small population, out of a total expenditure of $22 million, $13,500,000 was provided by the federal treasury, or 61 per cent. In the state of Wyoming, with a population even less than that of Montana, for a total expenditure of $9,300,000, $6 million, or 65 per cent, was provided from payments by the federal treasury.

I wish to point out that the federal government in the United States does not control the letting of contracts in the construction of the roads in any way. The building of roads and the supervising of maintenance of roads are responsibilities under the full control and authority of each state. If such a program were offered to the provinces of Canada, there would be no need to interfere in any way with provincial jurisdiction. As a matter of fact, every precaution should be taken not to interfere with provincial jurisdiction. But I am suggesting that in the interests of the development of our country, in the interests of making our country more prosperous, we should be providing larger sums from the federal treasury to provincial governments.

I do not think the minister or his parliamentary assistant could estimate the amount of money that will be necessary for road construction in Canada within the next 20 years, or within the next ten years, or within any future period. I do not think any survey has ever been made of the road needs and the requirements of this nation. I suggest that the first thing the government should do in preparing to undertake a comprehensive road program is to make a survey of our road needs for a substantial period into the future, perhaps a survey of the prospective road needs for the next 20 years, and of what our nation needs in the way of road development in order that it can have its maximum economic development within the next 20 years.

Such a survey should, I suggest, be made after we have determined our likely road needs for a substantial period in the future. Then I suggest the federal government should decide what our road program should be and what our target should be for a shorter period, shall we say, for a four-year period, for a term of office—the usual term of office for any federal parliament—to set forth the road program and certain objectives for the completion of such a program, and then be prepared to advance money to the provinces to ensure that such a program is fulfilled.

I believe we are falling behind in productive development in many ways. If we are going to keep advancing in the future, as far as wealth production is concerned, if we are to advance in the future at a rate that will allow this nation to keep up with and to keep ahead of the rate of advance in the U.S.S.R., then I suggest that one of the essential things for the future peacetime development of Canada is an adequate road program. The federal government is doing very little in the way of providing funds for a road program for Canada.

I would suggest that such a road program should have four essential features. We should

provide federal moneys, not just for one trans-Canada highway, but for trans-Canada highways. At this time there certainly should be provision for the construction of at least a second trans-Canada highway following a northern route, in western Canada from Winnipeg to Saskatoon to Edmonton and I believe it is through the Yellowhead pass—the northern route—down to Vancouver in British Columbia. We should have more than one trans-Canada highway. The federal government should be providing money for roads going north and south. We might call them, if you like, international roads—Canadian roads going north and south meeting roads in the United States coming up to the Canadian boundary. From a provincial standpoint, those roads have as much importance to the economy of each province as does a road going east and west. That is the second thing the government should do, provide money for a north-south road program.

The third thing I should like to see is the provision of federal government money to assist the provinces to assist in turn the municipalities in the development of inter-urban roads, roads between cities within a province that have little to do with connecting roads either trans-Canada or north and south. Under this general heading I would suggest the use of federal money to provide adequate farm to market roads. Because a Canadian happens to be a farmer and happens to live a long distance from the trans-Canada highway or a long distance from a provincial highway is no reason why the federal government should not be looking towards his well being in the future as far as servicing him with an adequate road is concerned. I do not think the rural residents of any province in Canada that you wish to mention will have access to modern roads and highways until the federal government provides some money for the building of farm to market roads through grants to the provinces.

The Chairman: Order. I am sorry to interrupt the hon. member but it is my duty to advise him that his time has expired.

Mr. Johnston (Bow River): Mr. Chairman, the resolution on the order paper dealing with the trans-Canada highway is now under discussion. While the hon. member for Kamloops was speaking I too noted that he said that those provinces which had come closer to approaching their construction period target were in danger of being penalized and those provinces which had lagged behind in the construction of their portion of the trans-Canada highway would stand to gain under the legislation now being introduced. Of course we have not seen the bill and I am not in a position to say whether or not that statement is correct. I would indeed be surprised if the Minister of Public Works would bring in a bill having that as part of its contents and I would suggest to him that if the bill does make such provision it should be changed before it is brought into the house. The resolution indicates a revision of the terms of the present agreement. Let me put it on the record. It is as follows:

> That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the Minister of Finance may pay a higher contribution for a portion of the highway in a province not exceeding ten per centum thereof; to extend contributions to costs incurred up to December 31, 1960 and to terminate all contributions on May 31, 1961; and to provide further that the aggregate of all expenditures under the act may be increased to a maximum of $250 million.

We are all very pleased, Mr. Chairman, that the minister is reconsidering the whole matter of highway construction. I hardly think there has been a year when this problem has been under discussion in the house that I have not indicated my anxiety to the minister as to when the road would be completed. We in western Canada particularly are very concerned as to the time when the highway is going to be completed because it enters materially into our economic existence. I remember making a wager when the legislation was first introduced, to the extent of $10, I believe, that the road would not be completed in the time specified in the agreement. Now what do we find? We find that the road is not 50 per cent completed. I am going to suggest now, Mr. Chairman, that the road will not be completed by the end of the new term, December 31, 1960.

Mr. McIvor: You should not gamble.

Mr. Johnston (Bow River): I did not get that.

Mr. McIvor: I just said that the hon. member should not gamble.

Mr. Johnston (Bow River): I would agree with the hon. member, and believe me, this is no gamble. You only gamble when there is a chance that you will lose, but in this case that is not so. I think the construction of the trans-Canada highway is probably one of the most important projects under way in this country. In fact, I think it is even much more important than the St. Lawrence seaway because it will have a greater effect on the total economy of our country.

I have here a clipping from the *Western Producer* of May 4, 1950. I recall that I put the article on *Hansard* at that time and I want to repeat some portions of it now to

show what was the common opinion about the importance of this highway at that date. The article reads in part:

> Course of the highway across the west was never a very important issue, really. The big question was not where, but when the road would be built. Whether it traversed the flat, often treeless and to some travellers monotonous south country or along the more scenic northern path, the trans-Canada road was, and is, of vital importance to western Canada. It will be a strong link between the industrial east and the agricultural west and constitute a sound beachhead on the trade and geographic barrier separating the two. From the standpoint of national defence, the highway is imperative now that Canada is at the crossroads of world history.

There are one or two things mentioned there to which I should like to make reference. I should like to deal first with the beachhead on the trade and geographic barriers separating the east and west. I have often thought, and have so expressed my opinion in the house, that one of the things that has caused a lagging in the construction of the highway is that it has been in the interests of the railways—certainly it has proved to be in their interests—to see that the highway was not completed. In my judgment that has been one of the major factors in holding back the completion of the highway not only during the first term of the agreement but for many years prior thereto. If for no other reason the highway should be completed as quickly as possible in order to develop the economic position of our country and certainly in order to take care of national needs in time of emergency.

We have an emergency coming now in the form of a possible railway strike. Of course everybody is saying that we should not have a strike because it would paralyse transportation in all of Canada. Of course it would, but who is to blame for that situation? Certainly it is not the worker. The ones who are to blame for such a situation are the federal government who have failed in seeing that another means of transcontinental transportation has not been completed which could be of service not only in times such as these but in times of national emergency arising from a war or other like causes.

Mr. Philpott: We thought the provinces built the roads.

Mr. Johnston (Bow River): I will come to that in a minute. The provinces are so far ahead of the federal government in building their portion of the road that the federal government will never catch up.

Mr. Philpott: Will the hon. gentleman permit a question?

Mr. Johnston (Bow River): No, I am too busy. You can ask questions later and I will be only too pleased to see what I can do about them then.

Mr. Goode: Now you have made him lose his place.

Mr. Johnston (Bow River): You know, Mr. Chairman, the federal government seems to be a little alarmed, although I think not very seriously, about the lagging in the construction of the highway. I was looking through their report the other day. It is for the fiscal year ended March 31, 1955. It is put out by the Department of Public Works. I notice on page 5 something which I think is rather comical and which I think I should put on the record. As they have lagged so far behind in the construction of this road without, I was going to say, making any earnest effort towards its completion, this strikes me rather humorously. It says this:

> Highway Colour Film
>
> Since its inception, the highway project has created wide interest outside Canada.

The only time I have ever known that to be so was when I was crossing the boundary line and some of the United States officials there would say, "Why do you come through the United States? Why don't you go across by your own Canadian route?" I would say to them, "We have not a trans-Canada highway". They would look at me with a great deal of disgust and wonder why a nation such as Canada did not even have a transcontinental highway. This excerpt from the report continues:

> Arising out of this general and public interest, the national film board undertook to share with the department the costs of producing a colour motion picture film which would record construction work in progress and would also be useful in tourist promotion.

That tops the thing, Mr. Chairman. Imagine putting out a colour film showing the rapidity with which this road is being constructed and advertising it as a tourist attraction so that people could come to Canada across this wonderful highway and see what we have developed in the way of tourist attractions across Canada. You could not even get out of Ontario, Mr. Chairman, and probably that is the less scenic part of the whole country. They would never get the chance to see Banff national park or some of the parks in Saskatchewan. Then the article continues:

> During the year, more work was undertaken to complete the film,—

Quite a good deal of pressure was put on to complete the film.

An hon. Member: Not the road.

Mr. Johnston (Bow River): No, not the road; the film. Let me repeat that:

During the year, more work was undertaken to complete the film, which is tentatively entitled—

This is good, Mr. Chairman.

—"Canada's New Main street", and will be given public release by the spring of 1956.

Our road is not supposed to be completed, even under this new agreement, until 1960. It is an amazing thing, Mr. Chairman. Apparently the government can find money with which to provide a colour film to attract tourists to come to this country to travel on a road that will not be ready until 1960.

Joking aside, Mr. Chairman, that is somewhat of a national disgrace. It is indeed embarassing for Canadians to be obliged to go through a foreign country in order to get from one side of this country to the other. Surely after seven years of work on the trans-Canada highway and with not even 50 per cent of it yet completed—

An hon. Member: Who is doing the work?

Mr. Johnston (Bow River): Since you are talking about this, you had better go down to the Windermere section and settle that matter down there of where the trans-Canada highway is going. I was down there at the board of trade meeting and you did not take a very active part in the debate. Maybe those people would like to hear from you. Or are you waiting for that colour film? This road was started in December, 1949.

Mr. Byrne: Mr. Chairman, I rise on a point of order.

Mr. Johnston (Bow River): The agreement will terminate—

The Chairman: Do I understand that the hon. member for Kootenay East (Mr. Byrne) is rising on a point of order?

Mr. Byrne: I think I have at least a piece of privilege, Mr. Chairman.

Mr. Johnston (Bow River): If you have a piece of privilege, go ahead.

Mr. Byrne: It might be that I was going to give the hon. member a piece of my mind.

Mr. Johnston (Bow River): I expected that.

An hon. Member: Be careful or you will give it all away.

The Chairman: Do I understand that the hon. member has a question of privilege?

Mr. Byrne: Mr. Chairman, certain remarks were pointed in my direction as though I had made some interjection. So far I have been completely silent throughout the hon. member's speech.

[Mr. Johnston (Bow River).]

Mr. Johnston (Bow River): My ears must have deceived me then, Mr. Chairman, if the hon. member has not interjected. I am quite sure I heard him. If this is one time that he did not interject—it is the only time this session that he has not done so—I shall have to take back everything I said about him, even with respect to the motion picture.

An hon. Member: It was one of his colleagues.

Mr. Byrne: O. K. Continue.

Mr. Johnston (Bow River): As I stated, this contract was first entered into in December, 1949. It was to terminate on December 9, 1956. Up to this time the mileage completed is 1,568 miles. The mileage yet to be completed is 2,700 miles. That makes a total of 4,268 miles. That is not a very good record after seven years, Mr. Chairman. If an emergency arose such as you could contemplate under war conditions and this road had to be built, I wonder whether it would take us seven years to complete 1,568 miles?

Mr. McIlraith: It would in Alberta.

Mr. Johnston (Bow River): Alberta has the greatest percentage of hard surface roads anywhere on this trans-Canada highway in proportion to the amount they have had to build. If you want to see some good roads, go to Alberta. You have not anything in Ontario that can compete with them.

Mr. Goode: Now you are being modest again.

Mr. Johnston (Bow River): I am always being modest.

Mr. Blackmore: Just being realistic.

An hon. Member: It is all on the film.

Mr. Johnston (Bow River): Let me say something about the construction of this highway, Mr. Chairman. You will recall that when we first discussed the standards of this highway I made objection at that time. I pointed out that a two-lane highway across this country was not good enough and that the standards with which the roads were being built would in all probability not be sufficient to carry the loads that would be carried on that road. When these specifications were first implemented I think probably they were better specifications than those for any other roads that were being built in Canada at that time. But this was a tremendous project. This was a project which was going to cost millions of dollars. It was one which, in my judgment at least, was to provide an alternative mode of transportation to that provided by the railways. It was to provide transportation by trucks which would carry at least a portion of our freight and other things of that nature

across the country. It was going to be subjected to very strenuous use and it was a road that would have to be built to withstand it. It was my judgment then, as it is now, that this road should be a four-lane highway or at least that provision should have been made for a possible four-lane highway. When they were buying the right of way I believe they should have bought sufficient land in order to be able to extend that road to a four-lane highway when the necessity arose. But that was never done. I also think that the gravel base is not sufficiently deep and that it is not sufficiently compact to carry the loads that it will be required to carry. I think the hard surface on the road is not sufficiently thick to carry the weight that will be put upon it. The provinces now—and particularly the province of Alberta—are using much better standards in building their main roads than that which was used in connection with the trans-Canada highway.

Mr. Prudham: The trans-Canada highway is still the best—

Mr. Johnston (Bow River): Here is another interjection. What did the hon. member say?

Mr. Prudham: I said that the trans-Canada is still the best highway in Alberta.

Mr. Johnston (Bow River): No; it is not. I will agree with you that the trans-Canada highway was probably the best highway until about a year ago. But in Alberta we have found that, with respect to the new roads they are building, they are going to greater expense in connection with the specifications than they did with regard to the trans-Canada highway. You have only to go to Calgary or to Edmonton, if you ever do any visiting around there, in order to see these new sections of highway for experimental purposes which far exceed the specifications of the trans-Canada highway. With regard to all our main roads that the province has to deal with, we are building to a better standard than that of the trans-Canada highway. Why? Because we have found out that the strength of the road was not sufficient to carry the loads which are going to be carried over them.

Now, I say that at this stage the specifications of the trans-Canada highway should be changed. There should be more sub-gravel base and there should be more clay used in it. There should be a thicker hard surface on it. If this were done we would not have to replace this road in a year or two. We are going to have to do that if the road carries the loads which will have to be carried or else we are going to have to put up notices saying that loads must be limited to such and such. Then, these roads will be ineffective in competing with other forms of transportation in this country. In nearly all the provinces, and this is particularly true in Alberta, traffic is getting to the place where all the main highways coming into cities like Calgary and Edmonton are four-lane highways for 20 miles surrounding the city. This being so, then the federal government should learn a lesson from it. We in the province of Alberta are building four-lane highways leading into our cities.

There is a road which goes from Calgary to Banff, and in the summertime the traffic on that road is tremendous. In the tourist season the cars are travelling bumper to bumper and I do not mean 10 or 15 feet apart. I mean they are right up within four or five feet of each other, and that is a dangerous condition. Several years ago I pointed out that was one part of the road that should have been made a four-lane highway. Last year I again appealed to the government to make that a four-lane highway. I was assured that the provincial government would be only too happy to pay their share of the cost of a four-lane highway from Calgary to Banff. At the time the federal minister stated, quite properly, that there was no provision in the terms of the contract to allow any section of the road to be four lanes. We are revising the contract now, so why not put in that stipulation? I feel that the trans-Canada highway should be a four-lane highway for at least the 20 miles surrounding any city and any highway that is going to be used a great deal, such as the one between Banff and Calgary, should be made a four-lane highway.

I have some further criticism to make. A while ago one of the interjections was, "Well, who has been building this highway; what have the provinces been doing?" I think the record itself shows clearly what has been happening. This pamphlet put out by the Department of Public Works entitled "Report of Proceedings under Trans-Canada Highway Act," clearly shows what the provinces have been doing and what the federal government has been doing. I notice on page 7 the federal government's pavement construction in Banff and Yoho park is shown as zero. I do not think the federal government has done very well.

I want to speak about Banff and I have some criticism of the department in this regard. The federal government has been complaining, and I think rightly so, about the provinces not getting on with the job. As I look through this pamphlet I see that Ontario is probably one of those provinces that have neglected the construction of trans-Canada highway more than the others. I asked some questions about the Banff portion of this highway which I want to call to the attention

of the house at this time. The answers appear in return No. 129. I believe that the Banff portion of the highway totals something like 51 miles, I am not just sure. I asked this question:

Will the construction of the federal government's share of the trans-Canada highway in Banff national park be completed by the end of the present contract date, December 9, 1956.

The answer is, "No". Almost every year I have asked the federal department if they will be able to complete their share of the trans-Canada highway on schedule. On every occasion except last year the minister has informed me that they hoped to meet that target date. Of course, the fact is that to date there is not one mile completed.

The second question was:

If not, when will it be completed?

The answer was:

At present rate of progress, December 1, 1959.

I would say that at the present rate of progress it will not be completed by 1969. I am not overlooking the fact that there was a good deal of clearance work done last winter, but certainly there was nothing done on the construction end of the project.

The third question was:

How many miles of the trans-Canada highway run through the Banff national park?

The answer was, "51 miles".

Question No. 4 reads:

How many miles in the park are completed, and when will the balance be completed?

The answer reads:

No mileage completed. All but 12 miles will be under contract for grading, culverts and gravel base by March 31. Completion to final pavement expected December 1, 1959.

Question No. 5 reads:

How much of the trans-Canada highway has been completed between the east gate and the town of Banff?

The answer is:

Eight of the 10 miles completed to gravel base stage.

There is not one mile of hard surface road after seven years. This is the progress the federal government has made.

Question No. 6 reads:

Have there been any repairs on this section of the road?

The answer to that is, "Yes."

Question No. 7 reads:

If so, what was the nature of the repairs and what was the cost?

The answer was:

The gravel base course, part of which is asphalt bound, has been scarified and reshaped. The cost has been the normal cost of maintenance of this temporary type of surface under the exceptionally heavy tourist traffic, i.e., between $200 and $300 per mile.

[Mr. Johnston (Bow River).]

I pointed out a moment ago, Mr. Chairman, that because of the very heavy traffic to which these roads would be subjected they would not stand up. Now, we have confirmation of that by the question and answer I have just read. This road, which is finished except for the hard surfacing, is not standing up. Then, how do we expect the rest of it to stand up when that section has the best base for highway construction of any mile of road on this continent. It has a solid gravel base, yet it is not standing up. It has been a disgrace for the last couple of years during the tourist season. One fellow told me he lost the front end of his car in one of those holes. I can imagine that. It was an absolute disgrace. Then, right in the middle of the tourist season they spread about two inches of soft oil over the road. You should have seen the tourist's cars coming in and you should have heard their remarks.

I know my time is almost up, sir, but there is one other thing I want to mention about the road in the park and that is the bridge at Kicking Horse river. I asked some questions in regard to that because I visited it a year ago and I was told that after the footings were put in they began to move. The whole thing had to be done over. The original cost of that bridge was $141,950. Let me read to you a section of the letter from the deputy minister of public works dated February 15, 1956:

The location of this bridge has not changed. The bridge, as originally designed, was for spread footing on wood piles, the available information indicating that the foundation conditions were a gravel bed.

Notice this:

Unfortunately, soil borings were not taken prior to its design so that the class of material underlying the gravel layer was not established.

Imagine constructing a bridge on the trans-Canada highway which would be subject to the most severe traffic, situated in a location which would have to contend with the rushing of water in the spring, without taking borings of the underlying soil.

Mr. Bourget: Where is that bridge located?

Mr. Johnston (Bow River): At mile 4, approximately.

Mr. Bourget: Where exactly?

Mr. Johnston (Bow River): At the junction of the Kootenay and the Kicking Horse river.

Mr. Bourget: Is it in the national park?

Mr. Johnston (Bow River): Yes, in the national park.

I am not blaming the minister completely for this because I doubt if he was entirely responsible when it occurred, and I think the parks department has some responsibility. You fellows can thresh it out yourselves. The letter continues:

In the design, while providing for timber piles, provision was made that, if the piling could not be driven, the area of footing would be sufficient to support the structure on the gravel bed. In the construction operations, which took place in the winter of 1953-54, a test pile was attempted and found impossible to drive, so in accordance with the design provisions piling was omitted.

In the fall of 1954, one of the river piers was scoured badly during flood conditions and movement was noticed in the pier under the heavy construction traffic which was then using the bridge. It was evident that immediate action was required. An immediate investigation was undertaken—

Incidentally, after the bridge was completed—

—including complete soil borings—

—which, incidentally, should have been taken before construction was started.

—which showed that gravel bed was resting on approximately—

Listen to this—

—100 feet of unstable silty soil.

And they built a highway bridge on that!

Below this, limestone bedrock was encountered. On review of this information it was decided that both river piers should be underpinned.

The last paragraph of the letter reads:

It is regrettable that preliminary soil borings were not taken prior to the design of this structure. If these had been done, steel piling would have been included in the original construction. Doing this after the bridge construction undoubtedly increased the cost to some extent over that at which it would have been possible to do the piling during original construction.

The Deputy Chairman: Order. I am sorry to have to interrupt the hon. member but it is my duty to advise him that his time has expired.

Mr. Johnston (Bow River): Well, Mr. Chairman, I will probably speak on this subject again and complete what I have to say about it.

Mr. Thatcher: Mr. Chairman, I should like to speak very briefly on this matter because I think it is one of the most important issues which will come before parliament this session. The purpose of the resolution is simply to provide federal assistance to the the provinces in a financial way, to help them finish the trans-Canada highway at the earliest possible date. I am quite sure that hon. members of all parties will support the principle of the proposal.

I think anyone who travels across this great country of ours today must be shocked at the appalling condition of some of our main highways. I think anyone who travels across Canada, must also be shocked when he realizes that 89 years after confederation, he still cannot travel from eastern Canada to western Canada or vice versa on a Canadian highway. These conditions prevail despite the fact that since 1945 we have had booming economic conditions, and despite the fact that we have had the greatest period of economic development in our history.

I think it was in 1949 that parliament brought in legislation under which the federal government would pay up to 50 per cent of the cost of a trans-Canada highway, and all of us welcomed it as progressive legislation. Seven years have elapsed since that time and the progress which we have made has been disappointingly slow; indeed it has been frustrating in the extreme.

As was pointed out by the parliamentary assistant in his speech before Easter, the trans-Canada highway is 4,580 miles in length and yet at this moment only 1,600 miles, or approximately 35 per cent, have been completed despite the fact that the whole project was supposed to have been finished in this present year. I suggest that the project to date is a colossal failure, in view of the fact that only 35 per cent of the original target has been reached. Surely this construction record should emphasize to parliament and to the country the glaring weaknesses of our Canadian highway system.

The legislation which is before us today is going to be useful, but certainly in no way is it going to get at the crux of our highway difficulties. I think, Mr. Chairman, most hon. members would agree that our difficulties go back to 1867. The British North America Act left highway construction up to the provinces and that fact has resulted in a serious financial tangle. While the provinces have jurisdiction over roads, only the federal government has the financial resources necessary to build the kind of roads that Canadians want. I say also that our constitution has meant that instead of having one over-all, comprehensive highway program, we have ten different programs in Canada today. They are seldom integrated and often conflicting; at times they are subject to local and provincial political thinking. I think it is quite obvious that the fathers of confederation envisaged no highway problem such as we have today in 1956. Because of our vast distances and our sparse populations, the municipal and provincial governments simply cannot build the kind of highways that we need. I think that sooner or later parliament is going to have to face up squarely to that fact.

Our Canadian highway situation is completely unique. To the best of my knowledge

every other country in the western world builds its highways on a national basis. I think this is true in Europe, South America, North America and even in Mexico, which we sometimes look upon as a slightly backward country.

It was pointed out earlier in this debate that the United States has a system for building highways which is far superior to our own. In the United States aid is usually given up to 50 per cent, not only on state but also on municipal highways. Sometimes that aid is as much as 80 per cent. As a result of this policy, the United States has a superb national system of highways.

I do not think I am biased in saying that the federal government has displayed far too little interest in this national and crucial problem. I say that it has avoided its responsibility by leaning on the technical excuse of constitutional responsibility. I do not think that Canadian highway development can any longer be held up for that reason. We have excellent precedents in matters affecting our national welfare where the federal government has acted, despite the fact that primary responsibility rested with the provinces. I remind the house of old age pensions, family allowances, grants to universities and the like. Surely the day has finally come when this parliament should consider taking the same kind of action where highways are concerned.

Some may ask, "How would you pay for it?" I believe the hon. member for Hamilton South asked that question this afternoon. A highway program would have to be paid for, of course. If it had to be paid for by a federal gasoline tax, I do not think too many Canadians would object, if as a result they had decent roads to travel over. I would remind this house that in the last four years the federal government has taken $700 million from the motorists of Canada in excise taxes, sales taxes on automobiles and tires, customs tariffs on imported cars, etc. I would also remind the house that last year the federal government spent only the sum of $27 million on highways; therefore I say that the income and the outgoing expenditures are not in line. I think we Canadians have shown a disconcerting lack of vision and imagination in building highways.

I say again that the resolution before us is welcome, but surely we should go a good deal further. I call upon this government this afternoon to embark on a bold and aggressive highway program which will actually get construction work under way. Personally I should like to see parliament set up a national highway commission similar to the one they have in the United States. I believe that the duties of such a highway commission should be fourfold.

First, it should provide federal funds to the provinces on a co-operative basis of not less than 50-50 on all east and west and all north and south roads; that is, on all major roads. In the second place, the commission should provide funds to provincial governments on a co-operative basis for maintenance work. In the third place, the commission should devise a master plan for a national highway system towards which the dominion government and the ten provincial governments could work. Fourth, the commission could standardize construction and engineering specifications.

My own thinking would be similar to the views of other hon. members who have spoken, namely that the actual construction work should be left with the provinces, but grants would definitely remain subject to approval by the commission. I suggest that over a ten-year period the federal government should spend not less than $2,000 million, or approximately $200 million a year. Some hon. members may think that I am not being consistent when I make such a suggestion, but I look upon expenditures for highways, not as dead-weight expenditures but rather as an investment, and a self-liquidating asset. I think the federal government would get its money back in the way of extra returns from tourists and from mineral development.

I submit that a proper highway system is vital to the life of this country. I shall vote for this resolution but I say again that it is certainly not an answer to Canada's highway problems.

Mr. Hees: Mr. Chairman, like other hon. members who have spoken this afternoon, I have travelled on a number of our highways during the past two years. I was fortunate enough to travel across the country twice, and I have travelled a considerable distance by automobile. Like other hon. members, I was shocked at the condition of a great many of our highways. How we can expect to develop our country, and particularly to attract tourists with the highways we can offer them at present, is to me beyond comprehension.

Today, more than five years after the trans-Canada highway program was started, we find that out of a total of 4,600 miles, which will comprise the highway, as of March 1 only 1,315 miles have been paved and 1,748 miles graded. Each of the provinces participating in the program is lagging behind by about the same proportion.

Why should it be that during five years of unprecedented boom we find that less

than one-third of this highway has been completed? It is simply that the provinces, which have great demands upon them to build roads to serve the people within their own boundaries, do not have funds available to meet their 50 per cent share of the cost. The more they spend upon the trans-Canada highway, the less they have to spend on roads which are their primary concern, and quite naturally they have decided to spend the greater proportion of their highway funds upon roads which are their primary concern.

The present proposal of the government to pay 90 per cent of the cost of not more than 10 per cent of the highway in any province will not get this highway built, for the reason that in each province there is today more than two-thirds of the highway yet to be completed. When this program which the government is proposing is completed, there will still be large gaps which at today's rate of construction will require many years of work before the highway is completed.

I think that we in this parliament, particularly the government, must face up to the hard, cold fact that if this highway is to be built within the foreseeable future, the federal government must assume the financial responsibility for its construction and stop playing around with makeshift methods of trying to get it built.

On grounds of defence alone, the construction of this highway can be justified as a federal responsibility. On the ground of assisting in the development of our natural resources, from which the federal government is the chief beneficiary, the construction of this highway can be justified as a federal responsibility. On the ground that the present arrangement with the provinces to build the highway has failed dismally, the construction of this highway can be justified as a federal responsibility. In short, if this highway is going to be built in the foreseeable future, the federal government must assume financial responsibility and get on with the job.

While the proposal which is before us is a move in the right direction, in my estimation it will simply not get the highway built in the next few years. The highway must be built for a number of reasons, and I feel it is up to the federal government to stop fooling around with this important matter. It has done so for five years; it should face the facts and assume its financial responsibility and get on with the job.

In addition to needing badly the trans-Canada highway, this country also needs badly a national highway program by which the federal government would join with the provinces in the building of highways which would enable us to develop our tourist trade and our natural resources, and also to man properly our defences. Roads into the north, in the western and central parts of Canada and across the maritime provinces, would make available opportunities which would bring new mining fields into production; which would make available new timber resources; which would bring about the construction of pulp and paper mills which could use resources not now available, instead of leaving them to waste; and would permit an expansion in our tourist industry, and to some degree, our fishing and trapping industries as well.

A program for the building of north and south roads not only would bring in many millions of dollars in the form of tourist trade, but there would be extra gasoline, liquor and amusement taxes for the provincial treasuries. Such a program would also provide many millions of dollars in additional corporation and sales taxes for the federal treasury. For that reason I think it is obvious that the building of these roads would be a money-making proposition for the federal government. There would be definite economic advantages which would accrue to the federal government by the building of roads of this kind. If the federal government would join with the provinces to press forward with a program of this kind, there would be possible a development of our tourist industry and of our natural resources as well.

Another thing to be accomplished by the building of these roads would be assistance in the expansion of our manufacturing industries, about which so many speakers have spoken recently in this house. They have pointed out how badly it is needed in this country.

In the past, railway construction and expansion were badly needed to assist in industrial expansion. In exactly the same way today, the building of good highways is needed. Just as we in this country must concentrate on creating an economic atmosphere which will induce new industries to start up and build new factories to process our raw materials, we must build roads by which new industries can receive raw materials and ship finished goods.

As the federal government will be the chief beneficiary from the new taxes that will result from the creation of these new secondary industries, there should be no hesitation on the part of the federal government in contributing—and contributing generously—to the building of these roads, in addition to the trans-Canada highway.

Finally we come to the matter of defence. Because our defences are today stretching

farther and farther north, I think it is obvious that we have to build good north and south highways to provide easy access to our defence installations and to the localities we may very easily have to defend in case of attack. The responsibility in this regard is undoubtedly a federal one. So the federal government, in co-operation with the provinces, must embark on a national highways program to ensure the construction of highways that are needed for the development of our natural resources and our tourist industry, and to make available defence installations in the localities we may have to defend in case of attack. A program of building north and south highways in conjunction with the provinces must be proceeded with immediately.

Such a program, of course, will cost a good deal of money, but I do not believe that such a program should be paid for out of current revenue. It is a program which will enable this country to be developed; it is a program which will benefit future generations; and I believe it is a program which should be financed by bond issues, both federal and provincial. I believe that the people of this country will be willing to finance in such a way a highway program which will make possible the development and the defence of their country.

Recently, the United States announced a $1 billion highway program in which the federal government pays the cost of construction of federal highways and the state governments pay the upkeep. This is the kind of arrangement that has worked very well in practice below the border, and it results in federal highways being built and maintained to the public satisfaction. I believe that such an arrangement for this country would work very well indeed; an arrangement by which the federal government could build the highways and the provincial governments would maintain them, or an arrangement by which the federal and provincial governments could jointly build and maintain these federal highways.

I believe this is a matter which the federal government should look into and study very seriously indeed. It is a matter which can, I believe, have very beneficial effects for the development of this country. I believe it is essential for the development of our tourist industry, the development of our industrial expansion and the adequate manning of our defences. I urge the federal government to give this matter serious consideration and I feel sure that, having done so, it will come to the conclusion that such a program, in conjunction with the provinces, should be proceeded with in the very near future.

[Mr. Hees.]

Mr. Batten: At this time I should like to make a few remarks with reference to this resolution. May I say at the beginning, whilst I recognize that the building of the highways and roads is the responsibility of the provinces, it is my opinion that there should be across this country one federal highway, and the cost of that federal highway should be borne by the federal government.

Dealing directly with the resolution, I may say at the outset that I am going to vote for this resolution, but I am going to do so for one or two reasons. First of all, I welcome the increasing support that the federal government proposes here to give to the provinces, particularly those that have been delayed in trying to carry out their contracts in building this trans-Canada highway.

I do, however, look with some concern on the date for the completion of the highway, May 31. I am not so much concerned about the year 1961 as I am about May 31. I believe that this contract should terminate either at the end of a fiscal period or at the end of a road-building period. For example, as in our case in Newfoundland, it may mean that in some provinces they will be able to continue the building of the trans-Canada highway during the year 1961, but there will be no possibility of ending then, because at that time of the year there is no possibility of conducting any road-building operations.

In Newfoundland, of course, transportation has always been a problem. In the early days, when the major part of the transportation was carried on by ships operating around the coast, it was a necessity to have those ships. Gradually roads were built, and we have reached the point today that our transportation by boat has been tremendously decreased, and therefore we have to rely more on the Canadian National Railways and on our road system. This great increase in the need for transportation has been due, of course, to many things. When I spoke in the house on the speech in reply, I gave to this house some figures showing the increase in traffic in Newfoundland, and that increase has been largely due to a rising standard of living. It has been due to a large increase in productivity and due to a great increase in the amount of trade that Newfoundland does with the mainland. I might say that at the moment Newfoundland is doing $100 million a year more trade with the mainland of Canada than it did with the mainland of Canada prior to 1949.

The provincial government, in trying to provide a highway system for Newfoundland, has made a courageous and very energetic effort. As everybody knows, in an area where

roads have always been inadequate, road-building only generates a further demand for road-building. It is obvious that a great deal of the load has been thrown on to the C.N.R. They too, I agree, have had their problems in trying to cope with this increased traffic, but at the moment they have not been very effective in doing so. In many areas of Newfoundland the requirements that the C.N.R. has been able to provide have not been up to the minimum requirements.

This Trans-Canada Highway Act, which became effective on December 10, 1949, was signed by Newfoundland on June 23, 1950. The length of the proposed route is 610 miles. Over this route, I believe, there is sufficient reason to believe that there is a good argument, from the standpoint of defence, that this road should have been paid for entirely by the federal government. It starts at Port aux Basques, for example, and after 100 miles or so comes into the tremendous United States air force base at Harmon field. It does not go directly there. It by-passes it but a short by-road will take you there. It goes on then to large towns like Stephenville, Corner Brook, Deer Lake, Grand Falls and then on to another major air establishment at Gander. Then it goes on for another couple of hundred miles to two more major air establishments at Argentia and Torbay, and of course thence to the capital of Newfoundland, St. John's.

The road as it was to be built in Newfoundland was to be built in three stages. There was first the rough grading using material along the right of way. Second, there was the strengthening of the sub-grade to withstand axle loads of 18,000 pounds. Third, there was the paving construction. So far we have completed about 200 miles of the first phase. I do not mean to say here that is the only part of the trans-Canada highway over which you can now go. You can go nearly 500 miles but the many miles you can now travel over are due to prior construction.

As to the second phase, we have a great deal of difficulty in getting the right kind of road-building material. It is not very plentiful and it is very expensive. The second phase, strengthening the sub-grade, is a very important part of road building in a country like Newfoundland where over long winter periods you have wide changes in temperature. The result is that if the road-bed is not properly built no paved surface is ever going to last for very long. As to the third phase, paving, we have done no paving on the trans-Canada highway in Newfoundland. Nevertheless, we are anxious to carry out what we consider is our part of the trans-Canada highway, and it will indeed be a very important part of our transportation system.

As I said before, the provincial government has made a very energetic effort. Last year they spent $15 million on highways in Newfoundland. To some hon. members who come from larger provinces $15 million is maybe not a lot of money but let me assure you that $15 million is a lot of money in Newfoundland. We can only raise that amount by very high taxation. We are doing some of it at the moment by paying a gasoline tax of 17 cents per gallon. When we look at the number of miles of the trans-Canada highway that Newfoundland has to build, when we look at our tax potential, the short summer period during which the road will have to be built and the type of land over which the road has to be built, we can see that we have indeed a very difficult problem. Paving at any time is going to be very expensive for the simple reason that in Newfoundland we do not have great quantities of the proper aggregate used for paving roads and the cost of bringing asphalt into the province is very high indeed.

In looking at the amount of road that was to be built, 610 miles, I should like to remind the house that 610 miles is 13·3 per cent of the total mileage now agreed to, roughly 4,500 miles, while our population compared with the population of the provinces in the agreement is only 3·7 per cent. If I may burden the house with a few more statistics, I should like to present this fact. If we rate the number of miles per 10,000 of population, the number of miles we have to build in Newfoundland is more than twice that of any other province in this country. Let me give you just a few figures. In the province of Alberta, for example, the proposed road will be 292 miles long. If we strike a ratio between the 292 miles and the population of Alberta it works out to 2·9 miles per 10,000 of population. In Ontario the same ratio obtains, 2·9 miles per 10,000 of population. In Manitoba the length of the proposed road is 305 miles and the ratio works out to 3·8 miles per 10,000 of population. In Saskatchewan, with 414 miles, it is 4·8. In Nova Scotia, with a mileage of 321, it works out to 4·9 miles per 10,000 of population. In British Columbia the figure is 5·8 miles per 10,000 of population, in New Brunswick 7·2 and in Prince Edward Island 7·4. But in Newfoundland the figure is 15·9.

I should like to point out here that, considering our tax potential, the type of territory over which the road has to be built

and the high proportion per capita that we have to build, I believe it would have been well worth while if the road had been built in its entirety by the federal government. There may be those in the house who will feel that Newfoundland as a new province is asking for a lot when it asks for a federal highway across the island, but some day in the near future I am going to take the opportunity to show that, believing that we should have this highway across Newfoundland paid for by the federal government, we are not asking for too much and that when we came to the conference table in 1949 and decided on the terms of union we did not come empty handed. I am going to take the opportunity very soon to show the house that we did not come empty handed and, as far as the trans-Canada highway is concerned, we believe that a good deal more could be put into it by the federal government. I do, however, welcome what the minister has said both with respect to speeding up the work and relieving the financial responsibility on the provinces themselves.

Mr. Ellis: Mr. Chairman, I think the remarks just made by the hon. member for Humber-St. George's indicate very clearly the need for a new approach to a Canadian highway policy. When one considers the unspectacular results of the trans-Canada highway legislation thus far in terms of the needs of this country I think one must feel rather disappointed, to say the least. I believe that as a parliament responsible for the needs and the future of all parts of Canada we have got to look at the problem of highway construction in a more realistic fashion.

I grant you that in 1867, when the fathers of confederation brought forth the legislation which forms the basis of our constitution, a different situation existed altogether. Railways and to a lesser extent canals were the main arteries of communication and transportation in Canada. I think it was the realization on the part of the fathers of this nation, that the railroads would be the links between the various parts of our vast country, that caused them to accept the responsibility for railway construction in Canada. By the same line of reasoning I suggest that today, in view of the fact that highways have become an alternative means of communication and transportation throughout the country, the federal government should be assuming its responsibilities in this regard.

We cannot argue today that roads are strictly a provincial or municipal responsibility. There was a time in our history when roads unquestionably were designed primarily to lead to a railroad point, to a port or some point on a canal. Today roads are not only interprovincial but international. Yet the government has failed to take that fact into consideration. Thus we find that the highway policy advocated by the government is shortsighed and fails completely to meet present needs.

I think the Canadian Good Roads Association summed up the situation recently when they pointed out that between the years 1945 and 1953 total motor registrations had increased by 126 per cent, yet during that same time surfaced mileage increased by only 38 per cent. In other words we are not even meeting the present needs of Canada, much less the future needs of Canada. Occasionally we hear political leaders in this country talking about the great future ahead of Canada. I am sure we know that the future belongs to Canada. We know that we are going to have a much greater population in the years that lie ahead. Yet in the highway legislation brought forward by this government there is nothing which would lead anyone to believe that the population of this country was going to increase by one individual in the foreseeable future. If we anticipate a great growth in population we ought to be planning now to provide not only for the needs of our present population but of our future population.

In the United States they are aware of the situation. Earlier this afternoon some reference was made to the highway program to the south of us. Without going into details with regard to their program, I may say that one thing is clear. They at least look ahead 20 or 30 years and they recognize the increasing need for more and better highways. But what is this government doing?

An hon. Member: Nothing.

Mr. Ellis: They sit idly by. In conformity with their usual practice when they are confronted with a problem of some considerable magnitude, they avoid dealing with it as long as they possibly can and when finally they are forced into the position of doing something, they come along with legislation which meets only one tiny fraction of the need.

Certainly no one can argue that the trans-Canada highway program brought forward by this government has met any great need in Canada. In so far as it goes, it has assisted the provinces to build highways on the route of the trans-Canada highway. But I think none of us could be overly satisfied with the progress shown thus far. The

government are now proposing to bring forward new legislation which they say will considerably ease the problem. Like other hon. members I am going to say that, in so far as it goes, it is worthy of support. Certainly it is inching a little bit in the direction of the type of policy we need. However, I would be loath to think that the government are advancing this legislation as the answer even this year to the highway needs of Canada.

As far as the present proposals are concerned, I think the payment of 90 per cent of the construction costs of 10 per cent of the trans-Canada highway in any one province is perhaps going to do something to even up the balance or to correct the shortcomings in the original legislation. We hear a great deal about this 50-50 proposition, the federal government putting up 50 per cent of the cost and the provinces 50 per cent. But I think we know that in actual practice it is more like a 60-40 proposition, with the province putting up 60 per cent and the federal government perhaps putting up in the neighbourhood of 40 per cent.

In connection with the purchase of the land necessary for the right of way, we know that a heavy financial burden is thrown on the shoulders of the provinces themselves. The federal government insist—and I think rightly so—on a minimum right of way, but at the same time they refuse to measure up to their responsibilities and pay their share of the cost of this right of way. We know that today, in view of the great number of highway accidents and grade level crossing accidents, it is important that wherever possible we should build overpasses and clover leafs wherever traffic is particularly heavy. But what happens? Under the regulations the federal government is not prepared to participate in meeting the cost of the approaches to those necessary parts of a highway system. The limitation, which I believe is 50 feet on either side of the centre line, certainly makes it impossible for the province to go ahead and put in overpasses in many cases and is certainly inadequate in the case of the clover leafs.

It would seem to me that the government, having failed to pay 50 per cent of the construction costs of the existing trans-Canada highway, is now evening up the score a little bit by providing a little more financial aid to the provinces with respect to this 10 per cent of the highway mileage within the province. But I think the actual increase would amount to somewhere in the neighbourhood of 4 per cent or 5 per cent of the total over-all costs. Hence I think you will agree, Mr. Chairman, that in this proposed legislation the government is not going overboard in providing greater assistance to the provinces.

In so far as the legislation is concerned, I think we must also realize that the federal government have a financial obligation toward the construction of highways in this country because they are, of course, taking a great deal in the way of revenue out of the sale of automobiles and trucks in Canada. As a matter of fact, Mr. Chairman, the Canadian Automobile Chamber of Commerce put out a little booklet with which I am sure most hon. members are familiar. It is entitled "Facts and Figures of the Automobile Industry".

In this publication they outline quite clearly the tremendous increase in the number of automobiles and trucks in Canada. On page 26 they give statistics with regard to revenues obtained by the government in the form of sales and excise taxes. I note here that for 1954 an amount of some $66 million—that is in round figures—was taken in through the sales tax and close to $72 million through the excise tax, making a total of roughly $138 million during 1954. Since the federal government is obtaining considerable revenues from the motorists in Canada, I think it has a particular responsibility to provide a greater measure of assistance to the provinces in building the roads necessary for these cars to travel on.

As to the extent to which the federal government derives benefit from our automobile industry and our tourist industry, I think some other hon. members this afternoon have pointed out that better highways will bring about greater returns to the federal government. There is no question but that as our population increases we are going to have more and more cars and trucks on our roads. This situation, of course, is going to be reflected in higher receipts by the federal government through the sale of these vehicles. It would therefore seem only proper that the federal government should be prepared to substantially increase its contributions to the provinces for the purpose of building more highways.

What about our tourist industry? Canada's tourist industry is of considerable importance to our economy. There is little doubt that better highways are going to do much to encourage a heavier flow of tourist traffic into this country; and of course the more tourists we get into the country, the more money is going to be spent here and the better off we as Canadians will be.

As far as our own motoring public are concerned, there are many Canadians who would be quite happy to see Canada first

if they could get around and see it. But at the present time the situation is that persons going from one part of Canada to the other find that they are obliged to travel on roads which simply do not compare with the highways built by federal money south of the line.

It is apparent that we are missing the boat and are losing a great deal of our own tourist trade. I have reference to Canadians travelling from one part of Canada to another. It seems to me that if we had a greater number of hard-surfaced highways in this country we would increase the number of Canadians who visit other parts of Canada. I think that is something we all desire.

As I suggested earlier, the proposed legislation merely scratches the surface. The problem is immense, and with the growth in population it will become more acute. This trans-Canada highway legislation has failed to do the type of job we think it should have been doing, largely as a result of the fact that too much of the burden was left on the shoulders of provincial governments. I think the Newfoundland member who spoke a moment ago was quite correct when he pointed out that it is unfair to expect provinces with sparse populations to pay one-half the cost. I suggest we are going to have unfairness to many provinces in Canada as long as the federal government is trying to get out from under its responsibility and throw so much of the burden on the shoulders of the provinces.

This afternoon some reference was made by my colleague the hon. member for Assiniboia to United States policy. There will be no need for me to repeat those arguments but I do want to suggest that, taking a leaf from their book, the least we could expect in Canada would be that the federal government would undertake the completion of one highway. I would not be satisfied with that, but it seems to me that in many parts of this country the least we could expect of the government would be the completion of one highway now, on its own initiative and bearing full financial responsibility. I know that in my province there are two main east-west arteries, both of which are exceedingly important. One is the highway which runs from Winnipeg up through Minnedosa, Yorkton, Saskatoon, North Battleford, Lloydminster and on up to Edmonton. There is a very important east-west artery running through three prairie provinces. Then we have the present route of the trans-Canada, an exceedingly important east-west artery. These two roads certainly ought to be the responsibility of the federal government.

Then there are the north-south roads connecting the United States and Canada. Certainly the federal government ought to be prepared to take responsibility for building international highways. I suggest that the provinces have all they can handle in providing highways that connect the main cities and towns within a province. Any time a highway becomes primarily an artery between provinces or from one province to the United States, then the federal government ought to be prepared to undertake responsibility for that road.

I suggest that there are two positions which might be taken in this connection. The position taken in former years by the federal government—they relented to a slight degree in the trans-Canada highway legislation—was that the federal government would ignore its responsibilities and persist in an attitude which is 50 years behind the times, that the provinces are responsible for highways. This is an untenable position if there ever was one at the present time. As I suggested before, it might have had some validity back in 1867 or 1890, but it certainly has no validity whatever in 1956.

I suggested the one extreme position would be for the federal government to take no responsibility at all for roads. The other extreme alternative would be for the federal government to step into the picture and do a bang-up job. It seems to me, however, that the least we as members of parliament ought to expect from the government is that they take a middle position and accept responsibility for the main interprovincial highways in Canada, and the international highways. If they do that, then they will leave the provinces free to devote their energies to providing other highways which are long overdue, and to maintaining the highway system which is running far behind present day needs.

This question of highway construction is a problem facing all provinces in Canada. I know that this spring we are having a tremendous amount of trouble in the prairies as the result of a great deal of moisture. This means a great deal of money will have to be spent in maintaining and repairing highways, in some cases rebuilding them. The provincial governments have their hands full in maintaining highways and keeping abreast of local needs without being called upon to meet the heavy financial commitments involved in building a trans-Canada highway.

It seems to me that as an immediate problem we have the proposed legislation and we have the legislation presently on the statute books. I feel that the government, as an illustration of good faith, should be prepared to increase its contribution to at least

75 per cent on the present trans-Canada highway. I believe that is the bare minimum that could possibly be asked of the federal government. This 75 per cent we would ask of the federal government would include all highway costs; the purchase of right of way, the construction of overpasses, clover leafs and the maintenance of the highway in years to come. This is something that could be done immediately.

Then it seems to me that when the present trans-Canada highway is completed there is going to be a need for continued effort on the part of the federal government in co-operation with the provinces. I feel that at this time the government ought to be prepared to announce that on completion of the trans-Canada highway or upon completion of its part by any province, the federal government will be prepared to join with that province in building other main arteries within the province. I believe that would be the bare minimum, and that would only be scratching the surface.

As I suggested, we have a tremendous problem in this country. It seems to me that the government, following the precedent of the United States, ought to take into consideration a complete revision of its attitude toward highway construction. They ought to rid themselves of this archaic idea that because there were no automobiles on the highways in 1867, that lets the federal government out of its responsibility. They ought to be considering a program, as I suggested, based on the assumption by the federal government of the responsibility for building and maintaining the main interprovincial and international highways in Canada.

Mr. Van Horne: It is becoming increasingly clear, Mr. Chairman, that the federal government has not tackled the program of roads with the bold, decisive initiative that would give Canada the roads required for progress and development. The road problem originated with confederation, as has been so well illustrated by many hon. members here this afternoon. Picture a province like New Brunswick, with over 500,000 people, and the thousands of miles of paved and unpaved roads required to service the traffic in that province. It is true that great strides have been made in my province on a provincial basis during the past three years, but urgently needed road work is being held up because my province simply does not possess the means to speed up our road building program. Roads are a national asset and should be planned for on that basis.

We feel that in New Brunswick the trans-Canada highway should consist of two main branches, one running down from Riviere du Loup in Quebec down through Edmundston, St. Leonard and Fredericton and on through Saint John to St. Stephen; and one coming in from Mont Joli in the province of Quebec on down through the Matapedia valley, through Flatlands, Tide Head, Campbellton, Dalhousie, Jacquet River and on down through Moncton to Amherst. We also feel there should be connecting links at the north, in the centre and in the south of the province, connecting these two main trunks. The connecting links would run from Tide Head to St. Leonard and from Newcastle to Fredericton and from Moncton to Saint John. We feel that these roads should come under the heading of the trans-Canada highway and should be paid for by the federal government.

We feel that this leads to the vital need of the Campbellton-Cross Point bridge. The only bridge now connecting eastern New Brunswick to the province of Quebec is the very old and narrow Matapedia bridge. Every spring this bridge is threatened with a washout because of the ice piling up against it during the ice run on the Restigouche river. Taken from a defence point of view, not to mention the vital and urgent need of the long-sought Campbellton-Cross Point bridge as the means of permitting the economic development of northern New Brunswick, this bridge is a national defence necessity. If something should happen to the Matapedia bridge, which is obsolete by any standards, there would be no connecting link between eastern Canada and the province of Quebec on the eastern seaboard.

Even the Prime Minister while in Campbellton some six years ago praised the worthiness of the bridge project. At that time he suggested that we should continue to think about it.

Mr. Fulton: That is all you are going to get out of this government.

Mr. Van Horne: We have been thinking about it, we have been asking for it, we have been demanding it for years without number, and we throw up our arms in despair as we realize that only the indifference, the apathy and the neglect of the federal government have kept the bridge from becoming a reality.

I renew the demand that the trans-Canada highway be a four-lane highway for at least 20 miles on each side of every large town and city along the route. The present standards of the trans-Canada highway are 15 to 20 years behind the times. It will be obsolete before it is completed. More vision is needed, Mr. Chairman, but the crux of the problem is this. The federal government must bear the cost.

I had hoped that the Minister of Finance in his budget address would have announced a new deal for the maritimes in which good roads would have played an important part; but the minister's entire budget, if indeed by some stretch of the imagination it can be called a budget, leaves New Brunswick, as always, out in the cold.

I expected in this barren budget some hope for New Brunswick. Since coming here in January I hoped against hope that the government would see the light and do its duty toward New Brunswick and the maritimes. My disappointment mounts higher and higher as I settle in the depths of discouragement and realize that I live in a country run by a handful of tired, worn out men who have lost sight of Canada and who are supported by this rubber stamp Liberal representation whose trained seal members bow up and down for the herring held before their noses—

An hon. Member: They do not need herring.

Mr. Van Horne: —whose eventual reward is a safe seat in the Senate or on the bench or what have you, who give lip service without regard for principle and sell their electors down the drain for a few more dollars in election funds and sit quietly while Canadians suffer severe hardships from unemployment, disease, poverty and despair—

The Deputy Chairman: Order. I think I should point out to the hon. member that we are not debating the budget today but the resolution dealing with the trans-Canada highway. I would ask the hon. member to confine his remarks to that subject.

Mr. Van Horne: I wish to point out, Mr. Chairman, what is holding up the building of the trans-Canada highway in the maritimes. This is related to the trans-Canada highway as nothing else is related to it. If we were to remove the apathy, neglect and indifference of the federal government toward the trans-Canada highway project the trans-Canada road would now be completed.

I wish to continue in this vein of thought by saying this. It is becoming more and more apparent that the federal government refuses to recognize the financial position which has been imposed upon New Brunswick by confederation and by the tax rental agreements, either through a refusal to learn the facts or because of a subversive attitude toward the government of the province of New Brunswick. Either of these reasons or a combination of both places the choking problem right on the doorstep of New Brunswick's representative in the government, the Minister of Labour. He has either acquiesced where he should have spoken up and fought for the province, or else he acted in unison with men like the hon. member for Charlotte—

Mr. Fulton: Oh, horrors.

Mr. Van Horne: —in their expressed determination to block progress in New Brunswick, merely because the people of my province have had the foresight to do away with the decadent old Liberal regime by replacing it with the best administration New Brunswick has ever known.

The Minister of Labour was aware of this and he knew of the government's policy as stated in the Prime Minister's letter of January 14, 1955, to the premiers:

> The present government has no intention of abandoning the objective of the tax rental agreement, which is to make it financially possible—

Some hon. Members: Order.

Mr. Van Horne: This has to do directly with the trans-Canada highway. This is why we do not have a trans-Canada highway.

The Deputy Chairman: Order. If the hon. member will bear with me for a moment, I have no desire to hamper him in making his argument—

An hon. Member: Reading it, you mean.

The Deputy Chairman: I think I should point out to him, however, that we are in committee and he is restricted by standing order 59(2) which says:

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

I understand the hon. member is considering that the financial background of the Trans-Canada Highway Act and agreement is in some way connected with the federal-provincial tax agreement. I think the speech the hon. member is making would be strictly in order on a debate such as the budget debate, but I feel it is my duty to the hon. member and to the house to request him to make his remarks, as I think other hon. members in this debate have done so far, strictly relevant to the trans-Canada highway agreement. I have no intention of stopping the hon. member making such criticism as he may see fit to make of the financial participation of the federal government under the trans-Canada highway agreement, but I do not think the committee would want me to permit the hon. member to open up the whole question of maritime rights at this time.

Mr. Van Horne: I do not wish to go into the whole question of maritime rights; I merely wish to point out that the Prime Minister in his letter of January 14 stated that the policy of the government was to assist New Brunswick to perform its constitutional functions without an unreasonable

burden of taxation. I say that unless the federal government makes it very clear and adopts a policy of greater financial assistance in the building of the trans-Canada highway, New Brunswick simply cannot afford to pay the increased cost involved.

If I may go on, again in the Prime Minister's letters of January 6 and January 18, 1956, he stated in effect that New Brunswick is being denied the right—this was confirmed at the last federal-provincial conference—to provide a reasonable level of provincial services, including roads, without an abnormal burden of taxation. I have figures and schedules for all taxes which show conclusively that the level of New Brunswick taxation is substantially higher over-all than that of any other province.

We have performed miracles in New Brunswick during the past three years in the building of roads, but according to the figures for 1953 the people of New Brunswick have to pay 41 per cent more in taxes out of personal income than the average Canadian. Again we hold the Minister of Labour responsible for allowing the federal government to keep in the vise of federal indifference and antagonism the very province he was appointed to represent and serve. I should like to quote the observations of Hon. Hugh John Flemming at the last federal-provincial conference in regard to roads.

Mr. Gregg: Mr. Chairman, on a point of order, as far as I am concerned I am quite prepared to answer to the people of New Brunswick, but I am not going to do it during this debate. I shall take the opportunity to do it on another occasion, but I am sure the remarks of my hon. friend now are completely away from federal-New Brunswick participation in the trans-Canada highway.

Mr. Van Horne: I should like to quote briefly the remarks of Hon. Hugh John Flemming at the last dominion-provincial conference, when he had this to say about roads:

> It is an essential requirement of any provincial government to so manage its affairs that the credit of the province is maintained on a sound basis. This is particularly true for a province in the position of New Brunswick which at the moment is faced with very substantial, indeed I might say staggering, capital expenditures for the development of electric generating facilities, both hydro and thermal, to meet the needs of the new mining developments, the expansion of the pulp and paper industry and to provide the power required for the increase in services and secondary industries which these developments will normally bring in their train.

I am about to complete these remarks and I shall have occasion again—

An hon. Member: I would not call them remarks.

Mr. Van Horne: Call them what you wish, it is the truth I am saying.

Mr. Dickey: It is the truth that they are out of order.

Mr. Van Horne: If being out of order means that I am to be prevented from stating that we are asking for an increase in the help given by the federal government in building the trans-Canada highway in New Brunswick, then I am out of order and I do not mind being out of order. If I cannot get up and speak on the subject, then I cannot get up and speak. Sometimes we wonder if this is a democracy at all.

The Deputy Chairman: Order. I do not know just what prompted the last remark of the hon. gentleman.

Mr. Fulton: The hon. member for Halifax did.

The Deputy Chairman: If it was directed to the Chair, I think I should point out to the hon. member at this time that it is the responsibility of the Chair to carry out the rules and practices of this house to the best of its ability. While the occupant of the chair may on occasion not be beyond critical observation, the Chair as such is not to be attacked from the floor of this institution.

Having said that, I am going to make my last request of the hon. member who has the floor and ask him to address his remarks to the resolution, which is fairly restrictive in scope and which deals with the financial contributions to be made to the trans-Canada highway. I am not concerned with the merit or truth of the arguments which the hon. member is bringing forward, if I may quote him, but I am concerned with their relevancy. I feel quite certain that the hon. member himself will be able to keep his remarks within the confines of this resolution, but if he is not able to do so I am afraid I shall have to ask him to discontinue.

Mr. Van Horne: I regret very much to have had my remarks taken in that way. I intended them for a few hon. gentlemen across the way. I have about concluded my remarks, in any event, in connection with the building of the trans-Canada highway. The building of that highway, especially in the maritime provinces, has certainly lagged behind the progress made in other parts of Canada. We are placed in an inferior position. We always have to take a back seat. We feel that the federal government should recognize this problem in the maritime provinces for what it is and sit down with the provincial governments and work out a modern, up to date schedule which will take care of the

transportation needs in the maritime provinces for many years to come.

Under the present arrangement it is quite evident for all to see, and it is generally the complaint we meet wherever we go, that no sooner will the trans-Canada highway be built than it will be obsolete, if it is not obsolete before it is completed. All we ask is that more realistic and bold initiative be taken by the federal government to make the trans-Canada highway a realization in fact as well as in discussion which has been going on for so many years.

In closing I wish to say that the people of New Brunswick and the maritime provinces generally feel in regard to the trans-Canada highway and in regard to everything else in the maritime provinces that we are consistently and continually being forced to accept an inferior position. We feel that there has been discrimination against the maritime provinces in connection with the trans-Canada highway. We feel that action should be taken now to make the trans-Canada highway, not only across central Canada but through the maritime provinces—sometimes I wonder if the maritimes are considered to be a part of Canada—a reality.

Mr. Green: Mr. Chairman, I should like to say just a few words this afternoon on this resolution because I have always found it hard to understand why Canada does not have a trans-Canada highway, and why Canada did not have such a highway many years ago. For those of us who live on the west coast there seems to be such great value in having a modern highway from coast to coast. By reason of the geography of the country most of our people, when they get into a car to go for a trip, go south to the state of Washington or Oregon or California, and very rarely think of driving east across the mountains. When they want to come east to visit relatives in Ontario, Quebec or the maritimes invariably, for as far back as I can remember, they have driven first to the United States border by the shortest route, driven across the United States and come back into Canada just as far to the east in the United States as possible.

The result, of course, is that all that business is going to the United States, all the contacts are with the towns and various centres of the United States, and they lose the opportunity of getting better acquainted with their fellow Canadians. That has been going on for decades.

Finally in 1949 the dominion government did adopt a policy which was designed to bring about the completion of a modern Trans-Canada highway from coast to coast.

That aroused a good deal of enthusiasm on the west coast. We were all very hopeful that it would result in Canadians of all parts of the country becoming better acquainted, in the building up of national unity, and also in helping our transportation problems. Those provinces, like the maritimes and the western provinces, which are farthest removed from the great centres of Canada have always been bothered by the great costs of transportation, as they are even up to the present time. I could never see why they should not have the benefit of motor transportation on a modern highway. There is no reason why goods should not be carried by trucks right across from one part of Canada to the other, even though it hurts the business of the railways. I think the people who live at the extremities are entitled to that service in just the same way as the people who live in Ontario and Quebec have the great benefits which result from the motor transportation services.

But this plan brought down in 1949 has not worked out as successfully as we all hoped it would. You will remember, Mr. Chairman, that when the agreements were negotiated after this original act had become law, the dominion and each of the provinces that participated agreed that the highway would be constructed by the end of 1956. The minister intimated that when he spoke on Friday last. As recorded on page 2919 of *Hansard* he said:

> The fact remains that they undertook by agreement with us to complete their portion of the highway by the end of the current calendar year.

One would have thought that the provinces would have taken some pains to comply with that agreement, but they have not done so. In the annual report of proceedings under the Trans-Canada Highway Act up to March 31, 1955, which I believe is the latest report available, we find that although the dominion appropriated $150 million for assistance in the construction of this highway in 1949, at the end of March, 1955, the dominion share of the commitments—this was not expenditure but the total expenditure plus commitments—for the highway was only $89,548,-291.87. That is not a great deal more than half the original $150 million, and it would be interesting if the parliamentary assistant, when he speaks, would bring that figure up to, say, March 31, 1956.

Mr. Bourget: It is $111 million.

Mr. Green: I understand the hon. member to say that the figure is now $111 million.

Mr. Bourget: That is the total commitment up to February 25 of this year.

Mr. Green: I am glad to learn that the commitments have gone up by so much, but

even at that figure it means that there is still $40 million of the dominion share that has not been used by the provinces.

Mr. Bourget: It is not our fault.

Mr. Green: I agree that the dominion is not entirely at fault, and I am criticizing the provinces now for the failure to take more energetic steps to complete this highway. Mr. Chairman, I think it is fair to comment that in your own province of Ontario we find the longest gap in the highway. It is true that Ontario has by far the largest mileage of any province. I think it is 1,412 miles, which is over twice that of any other province. Of course Quebec is not included, because Quebec has not become a party under the act. I do not know how long the gap in northern Ontario is now, but the report from which I have been quoting indicates that on March 31, 1955, there was a gap of 162 miles. It does seem to me inexcusable that here in the largest and wealthiest province of Canada there should be the largest gap, where there is apparently no road of any kind.

The parliamentary assistant said a moment ago that the dominion was not at fault. The dominion is very much at fault in this regard, that it is responsible solely for the construction of the trans-Canada highway in our national parks. The same report shows that of the total of 83 miles of this highway which is in national parks, only 47 miles was paved. Just slightly over one-half of the road which is the sole responsibility of the dominion had been paved when there was only another year and nine months before the effectiveness of the act came to an end. It seems to me that the dominion would have been wise to set an example by completing the trans-Canada highway in the national parks rather than by dawdling in just the same way the provinces have been doing.

This whole scheme seems to have been bogged down under a blanket of inertia and indifference. Frankly I cannot understand why that has been the case, but the results indicate that something of that kind has been happening. The resolution indicates that the government proposes to extend the time from the end of 1956 to the end of 1960; to provide an additional $100 million, making the total the dominion government will have spent $250 million rather than $150 million, and finally to give an increased incentive to the provinces by this provision for paying 90 per cent of the cost of the gaps or of the roads of inferior standard up to a total of 10 per cent of the mileage in any particular province.

I doubt if these changes are sufficient to bring about the completion of the highway by the end of 1960. I hope they will, but I am afraid the dominion is not going far enough, and that more vision is needed primarily on the part of the dominion and perhaps on the part of private members of the house, because the leadership on this question must come from Ottawa.

It seems to me that the dominion's plan is still one of helping the provinces until the road is completed and then dropping out of the picture. In other words, if the dominion's present proposals bring about what it is hoped they will, then at the end of 1960 the dominion government will vanish from the highway picture. The government seems to be accepting no responsibility whatever for essential improvements to the highway as time goes on. A highway today must be of a far better standard than a highway ten years ago, and a highway ten years from now will probably be just that much better and that much more expensive. The parliamentary assistant can correct me if I am wrong, but I believe there is no provision in the legislation for assistance from the dominion in keeping this highway up to modern standards.

Mr. Bourget: It will be the property of the provinces.

Mr. Green: That is just one reason why the provinces are not very keen about the plan, and why the whole plan is breaking down. The dominion should be interested in seeing that this highway is kept up to date. I believe personally that the dominion should also accept some responsibility for costs of maintenance of the highway. I said that during the debate in 1949, and I still believe that would be the proper course to follow.

Then the dominion seems to have no idea whatever of planning any national system of highways. It is only interested in this one trans-Canada highway. Today we hear a great deal about a pipe line across Canada. We are all persuaded that is of great importance to Canada's economy, and we are hoping something is going to be done about it and done quickly. Yet the attitude towards a highway across Canada seems to have absolutely no connection with the attitude toward a pipe line. If the government were as convinced that there should be a trans-Canada highway as it is that there should be a trans-Canada pipe line, then I suggest that the resolution being debated would be a great deal more far-reaching than the one which stands on the order paper at the present time. I do hope that even yet it is not too late for further consideration to be given to the plan which will eventually find its place in the statute books.

The government could well afford to offer a larger contribution to the provinces. Several

hon. members who spoke earlier in the debate made that suggestion, and I agree that is one step which would facilitate completion of the highway. The government should also, as I mentioned earlier, make provision for keeping the highway up to date. Once a part has been completed, let the dominion accept some responsibility for seeing that that part will be maintained in the best modern condition.

I think there should also be the inclusion of roads into the north country. The Yukon and the Northwest Territories come under the jurisdiction of the dominion exclusively. They are now in the position that they will be needing roads to connect them with the older part of Canada. Because of the developments taking place in northern Canada, roads into the north are of the utmost importance, and certainly the dominion has a great responsibility with respect to such roads. I suggest that the plans should be extended to cover the key roads which will be serving northern Canada.

There has also been a suggestion that the main roads from the United States border should be in part the responsibility of the dominion. In years gone by that has been the case. I remember the dominion government helping in the thirties with the cost of highways leading from the United States border to national parks in British Columbia and Alberta. I think at that time the dominion paid half the cost of the road from Kingsgate in British Columbia to the boundary of the national park. Some plan of that type should be included under the legislation covering the trans-Canada highway project.

Finally I should like to say a word about the situation in British Columbia itself. We have an available road now and have had for quite a number of years. But, as the minister himself knows, because of the proposal to build a huge dam at Mica creek on the Big Bend a hundred miles or so of the present trans-Canada highway will be flooded, and the province and the dominion are faced with the responsibility of either rebuilding the road or finding another route.

There have been three proposals; one, to rebuild the road around Big Bend; another, to build a road paralleling the route of the Canadian Pacific Railway through Rogers pass and, third, to go down to the south through Kootenay national park, across the Selkirks by means of Jumbo pass and eventually back to Revelstoke again.

The minister seems to be taking the attitude that it is not his responsibility to have any part in deciding which of these routes is to be followed. I think he is wrong in that attitude. He should be very much concerned, because there is going to be a great deal of money involved. It is going to cost the dominion at least half the amount, perhaps more, and it really is the joint problem and responsibility of the dominion and the province. I hope that before the debate on the resolution is concluded either the minister or his assistant will assure the committee that the dominion is accepting some responsibility for helping to arrive at the best decision as to which of these three routes is to be followed, and that it is not just being left to the province to make that decision. The question is a very difficult one. It is very difficult for the province just as it is for the dominion. The province needs the help and advice of dominion engineers in trying to reach the decision which will be best for all concerned.

I am afraid that the whole trans-Canada highway problem is not being met, largely because of a lack of leadership here in Ottawa, and now that we have a chance to review the whole situation again I hope that much more aggressive steps will be taken than has been the case in the past to bring about the early completion of this project, which I am convinced will mean a great deal to Canadians from coast to coast.

Mr. Byrne: Mr. Chairman, it had not been my intention to take part in this debate. The hon. member for Bow River seemed to think I had made certain interjections. In reality it was one of my more tranquil moments. He suggested that I rise and discuss the route of the trans-Canada highway.

I shall return to the hon. member in a moment. First I want to say that we all want the trans-Canada highway completed as soon as it is financially and physically possible. The only criticism I can see that should be directed at the federal government at this moment would be with respect to their responsibility for construction through the national parks. Admittedly the highway is not completed through the national parks. However, I am quite confident that ere the highway is completed throughout the provinces there will be a highway of first-class proportions through both Yoho national park and Banff national park.

Under the original legislation the federal government responsibility was to provide 50 per cent of the cost of the construction of the trans-Canada highway. So far the provincial governments have not made full use of that financial assistance. At this time the federal government is bringing in a resolution to provide for further assistance in the way of financing, a greater proportion of the cost being accepted by the federal government, namely 90 per cent of 10 per cent of the more costly sections. I see no reason for criticism

directed toward the department with respect to the financing of the highway.

The hon. member for Bow River pointed out that he had been in my riding attending a meeting which, to all intents and purposes, was to discuss a route through East Kootenay and through a portion of West Kootenay to Revelstoke. I am sure the hon. member did not attend any meetings in Edmonton when a decision was being made whether the trans-Canada highway should go through Banff or whether it should go through Yellowhead pass. He probably deemed it advisable at that point to mind his own business. The reason I am not discussing the route at this time is that I am perhaps one of those who would like to mind their own business.

When the agreement was drawn up a route was decided upon. In the report to which the hon. member referred this afternoon, namely "Report of Proceedings under the Trans-Canada Highway Act for the Fiscal Year ended March 31, 1955" there appears an appendix—it is appendix B—which sets out the specifications. Apparently the provincial government now is not satisfied with those specifications and is endeavouring to find better bases for highways. I hope they will put them to good use in the sections of the highway that are not yet completed. In appendix A which is headed "Route of the Highway" we find the following:

> The route selected by the participating provinces which has received federal government approval may be described generally as follows:

It goes through the country from Newfoundland to British Columbia, giving the routes that should be followed. For British Columbia we find the following:

> From the west boundary of Yoho national park the trans-Canada highway route will follow British Columbia highway No. 1 around the Big Bend of the Columbia river from Golden to Revelstoke, and thence westward through Malakwa, Sicamous, Salmon Arm and Kamloops following the South Thompson river to Lytton and then the Fraser river canyon and valley route to New Westminster and Vancouver. Again, commencing in the city of Nanaimo on Vancouver island, the route proceeds southward along British Columbia highway No. 1, to reach the city of Victoria, the western terminus of the trans-Canada highway.

Then at the end of the appendix there is a further paragraph which reads as follows:

> In all of the foregoing, where the location of the route is not described in complete detail, the route shall follow the shortest, practical distances successively between the places mentioned. The route may follow the shortest practical diversion around any place mentioned.

I understand that should the provincial governments wish to abandon any of the proposed routes and adopt another route, they should make their wishes known to the federal authority. It is all very well to say that they need assistance to determine where the route should go, but it is my opinion that the engineering staff of the provincial government department of highways or department of public works, as the case may be, which has the final responsibility for building lateral highways and connecting highways, are in a much better position to determine where the route should go. Once the decision has been made, it is my opinion that when they find some political pressure coming upon them they should not endeavour to throw the blame, if any, on the federal government for one certain area having been overlooked or circumvented. So much for the route.

The hon. member for Bow River has found it necessary to come into the riding of East Kootenay also and to find some defects in the construction of the highway. He had reference to what is known as Kicking Horse bridge No. 1. It appears that test borings were not taken when the bridge was constructed at the confluence of the Kicking Horse river and the Beaver river. While these test borings had not been taken and the bridge showed some defects, it was repaired and the repair which took place on it was work which simply would have been done had the borings been made and had the engineers found the subsurface to be such as it was. The extra cost of the repairs having to be done, or the piling having to be driven after the construction of the bridge, amounted to some $2,000, the over-all reconstruction cost amounting to $54,000.

The hon. gentleman did not go far enough west to go into full detail or he might have found some engineering defects in another part of the highway. The section to which I refer is the part at Park bridge. As we all understand, the engineering and the construction of the highway is the responsibility of the provincial governments, the federal government providing its 50 per cent share. At this particular bridge abutments were placed and certain excavations were continued. Then, of course, there was further construction on that portion of the road leading from the bridge. A landslide took place, and perhaps that could have been avoided if proper engineering data had been available. The over-all cost of making these repairs amounted to $190,000 for removal of the slide and $41,000 for replacement of the abutment to the bridge, a total of $231,000. I am just mentioning this, and I am not blaming anyone. I can assure the hon. member that if he wants to go from place to place along the highway or look over any construction job, he will find that difficulties arise.

Certainly very grave difficulties arise when one is constructing a highway through sections of British Columbia where the road runs along the side of a mountain. I do not think anyone should be blamed. I feel it ill behooves the hon. member to bring up this question. He was also concerned because the federal government had not completed its section of the highway through the parks. It just occurred to me that during the period construction has been authorized, the federal government has built a highway from Coleman to Banff for the province of Alberta. This is the eastern slope forest conservation highway, which cost in the neighbourhood of $10 million. The responsibility for this highway really lay with the provincial government, but because of the federal government's desire to help the provinces conserve their forests and their resources, the federal government built this highway. I am sure if there had been any indication that there would be a through connection from Calgary to Vancouver within a year or two, the highway would have been completed. I can assure you also that with the $11 million being spent this year in Banff and Yoho parks, the trans-Canada highway through those parks will be finished long before the provincial sections are completed.

Mr. Regier: I have listened with considerable interest, Mr. Chairman, to the list of engineering errors as they were put on the record by the hon. member for Kootenay East. I am sure he must have been in Ottawa a little too long, because in British Columbia we now have a minister of highways who looks over the highways every week end. He has several planes at his disposal. I am sure the hon. member must have obtained his information from some unreliable source, because with one minister flying aeroplanes to look over our highways, I am sure such a grave error could not occur.

However, speaking more seriously—although I do not want to intimate that these plane rides are not a serious matter to the people of British Columbia—I think the manner in which we are asked to deal with this resolution is typical of the progress on the trans-Canada highway. Today is April 16, 1956, yet the latest annual report available on the trans-Canada highway deals with the fiscal year ended March 31, 1955. I am sure that if the minister or his advisors had intended us to have a serious or intelligent discussion of this resolution, the members of the house could have been supplied with more up-to-date information.

I find another thing to criticize in this report. That is, I fail to see amongst the numerous detailed tables here any information on exactly how many miles of highway are yet to be completed in each of the provinces. I see that table I tells us how much paved mileage each of the provinces had on the designated route at the time of the signing of the agreement. Then I find further tables showing how many miles were paved last year, and also how many miles have been paved since December 10, 1949. However, nowhere do I find a table indicating to members how many miles of road each of the provinces has yet to complete, and this was back in March, 1955. I feel that for members to properly assess the situation, since one summer of building has gone by, we ought to have been supplied with this information before we were asked to undertake a discussion of this resolution.

Unlike the hon. member for Restigouche-Madawaska I feel that coming from British Columbia I cannot plead that our province is such a poor province it can do nothing about building the trans-Canada highway. However, highway building costs in British Columbia are very high. In places they run well over a million dollars a mile. I was therefore rather pleased to read in a newspaper some time ago that the federal government was offering a new formula and, as I understood, were going to assume 90 per cent of the cost of any 10 per cent of the mileage in that province. I believe when the hon. member for Vancouver-Quadra spoke he said 10 per cent of the remaining portion of the highway. I do not think he meant to say that, but if I am in error I hope the minister will correct me very shortly. I understand it is 10 per cent of any section of the highway on the designated route within the province, and not 10 per cent of the remaining unbuilt portion of the highway in any given province. The interpretation of this provision makes a great deal of difference in our province. I am willing to give the minister the benefit of the doubt, and assume he is going to ask for authority to pay 90 per cent of the most expensive 10 per cent of the 600 miles we have in this national undertaking.

I feel that the publicity released at the time the change was announced was somewhat misleading. A number of people have asked me if the federal government is going to pay 90 per cent of the cost of the trans-Canada highway. Most of the publicity concentrated on the 90 per cent, but if you read the fine print you found the federal government was making no such offer at all.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Regier: Mr. Chairman, before the house rose at six o'clock I was saying, in relation to the ability of the provincial governments to pay their fair share of the cost of the trans-Canada highway, that it was a matter of some concern to the people of British Columbia that their local minister of highways charged to the expense of highways his weekly visit to attend to some parish pump matters in his home riding.

I was saying, too, I regretted that the report of the trans-Canada highway is a year later than was necessary, and that its lateness blocks us from being informed of what has happened on this subject over the past year. I also feel that the report itself could have been more adequate, and that information concerning what remains to be done is missing.

I regretted also that the publicity given the whole matter of the trans-Canada highway project within recent months has led many Canadians to believe that henceforth the federal government will be paying 90 per cent of the cost of the trans-Canada highway, whereas in effect it will be paying only 90 per cent of 10 per cent of the mileage in any one province, and only 50 per cent of the remainder. I made mention of the fact that I came from one of the wealthier provinces of Canada and that we therefore could not plead the poverty which some of the provinces might rightfully be pleading at this time.

I would like now to proceed to point out that despite the fact that we are one of the wealthier parts of Canada, even the Social Credit government in British Columbia is unable to find as much money for highway building as it thought before its election it would be able to find. I am referring to a pamphlet issued May 28, 1952, called the *Canadian Social Crediter*. This pamphlet was, I think, largely responsible for their winning the election at that time. Under public works it says they will carry out all capital expansion on a—and this is in quotation marks—pay as we go basis. The sentence continues:

> . . . priorities being determined by long-range planning and assessment of need.

Underneath that paragraph it says:

> Roads should lead to progress—not to bankruptcy.

Even that government has found, after several years in office, that highways are mighty expensive projects these days. They had to invent what they call the toll bridge and road authority. They found they could not allocate enough out of their current revenues to pay for all the necessary roads and bridges in the province. I therefore imagine they will very much welcome any relief the minister offers to the provincial governments in this resolution.

I feel that it is the responsibility of the federal government to assume a larger share of the cost of this national highway. It is in the national interest to tie this country more closely together from east to west. I would like to say again what I said in this house several years ago. The federal government should assume the responsibility for the building and maintenance of all highways that run east and west from one province into another, and for all highways that run north and south over the international border. I feel that it is in the national interest for it to do so. I do not think there is anything in the British North America Act that would block its efforts to assume complete responsibility for all interprovincial or international roads. If it did so the provincial governments would be enabled to assume the responsibility for all secondary highways, thus relieving the municipal governments of secondary highways and enabling the municipal governments to more ably look after market roads and access highways.

I noticed that the parliamentary assistant to the minister interrupted the hon. member for Vancouver-Quadra this afternoon and informed him that the commitments of the federal government no longer are what they were said to be in its annual report. In other words the federal government's commitments amount to $111 million instead of $89 million. That is an increase or growth in one year of federal commitments by the sum of approximately $22 million.

Despite this fact, the minister when talking on his estimates the other day said he had put into his estimates for the year ahead the sum of $20 million, even less than what was added to the commitments of the federal government in the year just past. He also said he would be happy to know that the provincial governments would make him use that full amount. He said he would be very happy to think he might be able to increase it. The fact that his $20 million is less than the $22 million growth in federal commitments last year reveals to us that even with the amendments it is now planning to offer, the federal government is not expecting any miracles or any rapid advance in the development of the trans-Canada highway. If he thought his amendment would have any real effect, I think the minister would have provided for a much larger sum in his estimates this year.

At this time I would like to mention the alternate route of the trans-Canada highway in western Canada. We feel that the trans-Canada highway, when looked at on a map, should have somewhat the shape of the letter "Y" with the ends closed. In other words we feel that in Winnipeg there should be an alternate route. Not only should Vancouver be connected to Winnipeg through the southern portions of Canada where the greatest population is in the four western provinces; we also feel that from Winnipeg there should be a branch of the trans-Canada highway going northwestward through Saskatoon, Edmonton, and the Yellowhead pass and coming down either through the Fraser canyon or Pemberton Meadows, and up around Garibaldi park through North Vancouver and to our major city there. We feel the population out west is so widely scattered that one highway is not sufficient to meet the national needs of that major section of Canada. We also feel that the northern route is badly needed for the development of Canada's northland.

I believe that the federal government would be money ahead in the long run if it assumed at least 50 per cent of the cost of that northern route, because the industrial development of the northern sections of British Columbia, Alberta and Saskatchewan would add a tremendous amount of revenue to the income of the federal Minister of Finance. I feel therefore that in its own selfish interests, if not in the national interests, the government should agree that the Minister of Public Works obtain permission to complete a double trans-Canada highway at least as far east as Winnipeg.

Last fall it was my good fortune to be able to attend for a day a course which was put on by the civil defence people in Burnaby. I noticed that one of the major points in the educational endeavours of civil defence organizations in Canada is the evacuation of major Canadian centres of population. I submit it is an absolute waste of money for the Minister of National Health and Welfare to be advocating evacuation through the civil defence branch if at the same time the Minister of Public Works assumes no responsibility as to ways and means—"ways" is a very proper word to use—of evacuating these people. It is absolutely ridiculous to speak of the evacuation of the people of Vancouver and Burnaby unless we build some major highways and some major bridges out of that city. Not so long ago the government was asked to pay a portion of the cost of the Marpole bridge, and I am afraid they were—

Mr. Winters: May I rise on a point of order. Surely this is getting further afield than anything contemplated by the resolution before the committee.

Mr. Regier: If I may speak to the point of order, Mr. Chairman, by means of this resolution the minister is asking us to approve a large expenditure by the federal government for the trans-Canada highway, and we are saying that this resolution is not nearly adequate; that it should cover not only a second trans-Canada highway through western Canada but also provide authority to pay the cost of constructing major highways out of our cities, and by major highways I would—

Some hon. Members: Order.

Mr. Regier: —include bridges so that our people will have the means of getting out of our cities.

Mr. Winters: May I please have a ruling on the point of order.

The Chairman: I think the hon. member for Burnaby-Coquitlam will agree that the minister's point of order is well taken. This is a resolution which is quite confined in its scope, and the hon. member will recall that speeches in committee must be strictly relevant to the item under consideration. Therefore I ask the hon. member to return to a discussion of the trans-Canada highway.

Mr. Regier: Mr. Chairman, I noted that the minister felt rather keenly that I was getting away from the resolution. Let me make this offer to the minister. Let him assume 100 per cent of the cost of this highway. That would then enable our local governments to proceed with the other bridge and road building that I have been talking about. I noticed this afternoon that the hon. member for Bow River advised the minister that larger highways out of our cities were needed, and he advocated four-lane highways out of such cities as Calgary.

Mr. Byrne: Airways or highways?

Mr. Regier: It is only our "socred" minister of highways who does not know anything about highways because he flies. If a city such as Calgary requires a four-lane highway leading out of it, the minister will realize what kind of a highway is needed leading out of Vancouver.

Apparently this government feels that it must assume responsibility only when the force of circumstances is such and public opinion is so thoroughly aroused that for the sake of re-election they cannot do otherwise than introduce some measure of progressive thought. They have no national

feeling whatsoever except as it affects their own political future, their re-election in 1957.

This year the people of British Columbia are spending almost $80 million on highways and bridges, which is one-third of the income of our government; yet this government feel that all they have to do is offer to pay 90 per cent of 10 per cent. They believe that if they can get the newspapers to publish in heavy black type that they are paying 90 per cent, and then have the 10 per cent in fine type, hidden somewhere on page 7, then the people of British Columbia will think the federal Liberal government is a good government. They will think no such thing.

We have our own opinion of the actions of the premier of British Columbia in introducing this medieval custom of toll bridges and toll roads, but when we come to deal with federal Liberals—

The Chairman: Surely the hon. member will agree that he is very far from the resolution before the committee. I must ask him and other hon. members to confine their discussion to the trans-Canada highway.

Mr. Regier: The niggardliness of this government in regard to the trans-Canada highway will not be hidden by the sins of omission or commission of our provincial premier. All I can say is that for their niggardliness I hope they will sink next year in some of the swamps where they should have built a major highway for the Canadian people.

Mr. Patterson: Mr. Chairman, we welcome the introduction of this particular resolution dealing with amendments to the Trans-Canada Highway Act. We have listened today to a number of speeches, some of which have been constructive and responsible and other more recent ones which have been destructive and irresponsible.

Mr. Argue: Here we get one more of that kind.

An hon. Member: What is this coming up?

Mr. Patterson: If that is so then it fits in with the C.C.F'ers. This afternoon the hon. member for Kootenay East criticized the hon. member for Bow River for referring to some proven facts relative to a certain bridge in the national park in Alberta. He countered with some speculations regarding another construction job on the provincial part of the highway. The hon. member said that perhaps if the engineers' survey had been carried out as it should this might not have happened.

Then with respect to the hon. member who has just resumed his seat, I can only say that I was rather surprised at the sneak attack he launched. The New Westminster paper which I have in my hand refers to a particular meeting at which the minister of highways for British Columbia spoke relative to the unfounded charges which the hon. member for Burnaby-Coquitlam has reiterated just now. After stating his position and refuting the charges he said that until someone suggested a quicker method of travel than flying he would continue to fly. He was not challenged at the conclusion of that meeting with even one question. Among those attending that meeting were some of his strongest critics with respect to this particular matter to which reference has been made in this last speech.

So I would suggest, in view of the fact that the British Columbia government is anticipating a $1 billion expenditure for highways in the next ten years, they certainly should be commended rather than criticized in this particular manner. Perhaps I should say, Mr. Chairman, even in politics let us be a little fair and not try to substitute fantasy for facts.

We have been speaking about the importance of highway construction, and it is supposed to be with reference to this one major construction project, the trans-Canada highway. I realize and we all realize the importance of highway construction in this great country of ours. This has been indicated by many of the members who have participated in the debate, but I think there are several reasons why this matter of the trans-Canada highway is of vital importance.

I think it is important so that Canadians may see Canada. I venture the suggestion that a great majority of Canadians travelling from the west to the east or from the east to the west make detours through the United States rather than try to cross Canada on the highway we have at the present time. We may talk as we like about our great nation, and we may try to promote national pride, but certainly we would have to have a great deal of national pride to try to travel over Canadian highways if we were in a hurry to get from one part of the country to the other. So I would say that for Canadians to see Canada, and not for Canadians to see the United States particularly, I believe the construction and completion of the trans-Canada highway is of vital importance.

I believe also that it is important as far as the tourist traffic is concerned. I understand that in 1954 the value of tourist traffic to Canada was in the neighbourhood of $302 million. I believe that would be substantially increased if we had highways in Canada that the Americans would consider even on a par with those they have south of the border. May I say I have travelled on some

roads south of the border that are not too good, but even at that they are considerably better than our Canadian highways.

Also in connection with the development of our economy, and for purposes of national defence, I believe it is important that this project be brought to completion at the earliest possible moment. There is another reason, I believe, why it should be proceeded with, and not only the one highway but other highway construction projects as well. That is because of the contribution such projects make to optimum employment. We think of all the other trades, we think of all the other industries that provide the essential materials for highway construction, bridge building and so on, and also machinery. I am sure it would mean a great deal as far as the employment picture is concerned.

So I would suggest that these considerations warrant federal participation not only in the trans-Canada highway but in several east-west highways, especially in the west, as well as other arterial highways designed to provide an adequate road system throughout the entire nation. Reference has been made to the Yellowhead route, possibly branching out from Winnipeg or Portage la Prairie, going up through Minnedosa and Saskatoon and through to Edmonton and to the coast by that central route. Certainly I think they have a very fine argument for the construction of that section of a highway system.

I have stated that federal participation certainly is warranted in all these developments. I should like to refer to the submission of the government of the province of British Columbia to the royal commission on Canada's economic prospects. On page 26 we read:

> British Columbia submits that highways which serve to develop the country and thereby add to the gross national product are now matters of national concern and should be financed jointly by the federal and provincial governments; that participation by the federal government should not be confined to the trans-Canada highway but should also be extended to an approved main trunk highway development program in the provinces; that federal participation should be based on a formula which will make allowance for topographical and other conditions which contribute to higher construction and maintenance costs and to a larger road mileage; and that the Trans-Canada Highway Act be amended to provide for a retroactive increase in the federal share of the costs based upon the said cost differential.

I should like to refer as well to the brief presented by the Canadian Automobile Association. I realize the desire to get this resolution passed and I do not want to occupy too much time in this particular debate, but I should like to refer to this brief concerning Canadian highways presented to Hon. R. H. Winters, Minister of Public Works, by the Canadian Automobile Association. On page 1 in the second paragraph, it states:

> The association believes that the federal government is not fulfilling its obligations to the car owners of Canada. The federal government collects through taxation from car owners millions of dollars every year. The return to motorists in roads and improved highways is only a small fraction of the amount collected. The Canadian motorist is awakening to the fact that he is the most heavily taxed individual in Canada. This burden he has long borne without complaining. He is now asking why Canadian highways are so far below present-day needs when taxes are so high.

It also goes on to give a number of precedents, setting forth other fields in which the federal government has made substantial contributions. Then with respect to the tax collected by the federal government we find on page 3:

> We would like to mention here that in the first seven months of this year the federal government collected from the automobile industry in sales and excise tax the sum of $116 million, while federal participation in the national highway program is only $15,750,000 for the same period.

This brief goes on to make certain requests of the federal government which I believe are worthy of consideration. On page 7 it states:

> The Canadian Automobile Association therefore asks the federal government to:
>
> 1. Assume more responsibility and leadership in developing a highway program.
>
> 2. Instigate an entirely new highway financing policy by: (a) Completing the trans-Canada highway. (b) Contributing 50 per cent to all arterial highways. (c) Assuming one-third the cost of access roads to urban centres.

Respecting my own province, I think it is readily agreed that in British Columbia we have an exceptionally high cost for highway construction. I believe it has already been pointed out in the debate that in certain sections of British Columbia the construction of a trans-Canada highway costs approximately $1 million per mile. Certainly that is a tremendous amount, but it just indicates the difficulties they face in the construction of this highway in the province of British Columbia. It is estimated, I believe, that highway construction there costs twice as much as the average cost across Canada, and several times the cost of construction in the prairie provinces.

I should like to refer to the resolution and point out several inadequacies which are obvious. First of all, it refers to the payment of up to 90 per cent of the cost on 10 per cent of the highway. This particular point was referred to by several speakers this afternoon, and I do not think it has been clarified yet by the minister as to what 10 per cent is involved. The point I should like to have

clarified is this. Is the federal government going to choose the 10 per cent upon which it is going to pay 90 per cent, or is the provincial government going to be allowed to make the choice?

I should like to refer to a news article that appeared in the press some time ago, dated November 15, 1955. It contains this brief statement:

> But there's a catch. Ottawa will reserve the right to select the 69 miles—

This is in the province of British Columbia.

> —on which it will boost its share.

An hon. Member: What paper?

Mr. Patterson: This is the *Province*. I do not know whether or not that is right, but I should like the minister to clarify whether it is going to be the federal or the provincial government that will make the choice of the 10 per cent of the mileage with respect to which 90 per cent of the cost will be borne by the federal government. Personally I feel that 10 per cent is not adequate. I believe it should be considerably more than that. In fact I would go along with the suggestion that the federal government should pay at least 90 per cent or even 100 per cent of the cost of the trans-Canada highway.

I believe also that the highway now under construction is not going to be adequate to meet the needs of even the immediate future. It would seem to me quite reasonable to suggest that in certain sections a four-lane highway should be constructed at the present time, and that throughout the entire length provision be made so that in the future two more lanes can be added to make it a four-lane highway right across Canada.

I feel very strongly that the suggestion regarding a trans-Canada highway system should also be given thorough consideration. I am not going to refer to the location of the highways that would make up such a system, but certainly I believe that one highway is not adequate to meet the needs and demands of the Canadian people or the Canadian economy at the present time.

The government has not seen fit to bring in further proposals, and in my opinion those before us at the present time are inadequate. I believe the entire system of financing could be on a better basis, and I certainly urge the government to adopt policies which will enable parliament to use the national credit to provide and finance these services which are so essential to the Canadian people.

Mr. Mang: Mr. Chairman, perhaps I may be permitted to say a few words on this resolution. I say "perhaps" because the trans-Canada highway has been built through my constituency in Saskatchewan. It extends from Regina to the Manitoba boundary and has been built—

An hon. Member: By the Saskatchewan government.

Mr. Mang: —with the co-operation of the Saskatchewan government and the assistance of the federal government, without which the Saskatchewan government could not have built the highway. That portion of the highway is completed; therefore I have no particular criticism to make. However, I should like to point out one thing. In listening to the discussion of the resolution this afternoon, I was very much interested in what members from various sections of the house had to offer by way of suggestions to the government on this particular matter. I think all members will appreciate that we have had an across the board assessment of the highway problem of Canada.

The highway problem of Canada is much akin to very many other problems that we who live north of the 49th parallel must face. From time to time many comparisons have been made of the Canadian economy and the economy south of the 49th parallel. Comparisons have been made of the grain marketing problems on one side of the parallel compared with the problems on the other side. I submit that our highway problem has also been compared with that of the nation to the south of us, from the point of view of what it is doing and what we north of the 49th parallel are doing.

I have emphasized before that geographically and climatically we north of the 49th parallel are in a different position from our friends to the south. The same thing is true of highway construction. As I said at the outset, I have no complaint to make. The part of the highway running through my constituency is completed, and I think Saskatchewan leads all of Canada in mileage completed. But that again is because of the geographical conditions and the terrain of Saskatchewan.

Mr. Argue: And the fact they built the road.

Mr. Mang: As pointed out this afternoon by the hon. member for Humber-St. George's, it is much cheaper to build the highway on the prairies than in certain other parts of this 4,600-mile route, and that must be borne in mind. We are progressing quite well, I believe, and the Minister of Public Works as an engineer recognizes the geographical, climatic and financial difficulties the federal government would face in assuming the full cost of the trans-Canada highway.

The view has been expressed on both sides of the house, and I agree with it wholeheartedly, that the nation as a whole, the taxpayers as a whole, Canada as a whole, should assume the cost of the transcontinental highway. I agree with that statement but I would point out one thing that has not been referred to yet. Any government of Canada, whether it is this government which is in power now or any government of the future, will have to receive a mandate from the taxpayers of Canada before adopting a policy of total assumption by the government of Canada of responsibility for the building of a trans-Canada highway.

I am very happy to hear from all sides of the house that there is general agreement that there should be an assumption on the part of the people of Canada of responsibility for the construction of a highway across Canada. I feel quite sure that when again the people are asked for a mandate as to the policies that are to govern this nation, they will probably be asked whether they are in favour of having the people of Canada, through their government, assume responsibility for a trans-Canada highway; and I shall do whatever I can to see to it that this is one of the things the people are going to decide upon at the next federal election.

Mr. Jones: Mr. Chairman, I should like to say just a few words in connection with the trans-Canada highway. After listening to the hon. member who spoke last and the sentiments he expressed, I am confident that he probably has the right idea when he suggests that the trans-Canada highway should be in full charge of the federal government. They should have full responsibility for both its construction and upkeep. In that way, and in that way only, can we get the trans-Canada highway through in a decent time. However, I was shocked today to hear that only 35 per cent of the trans-Canada highway has been built to date. I was really shocked, because I had hoped that at least 75 per cent of it would have been finished to date. We have not had a progress report, so we did not know.

However, I would point out that British Columbia is away ahead of 35 per cent. As the hon. member who spoke last has pointed out, some of our roads were constructed at the cost of $1 million a mile. If that is the case, there is something lacking in the way of idealism in connection with the trans-Canada highway. I blame that on government policy. They have not enthused the various provinces with what is possible with a trans-Canada highway in the way of the great growth of commerce between the various provinces.

We in British Columbia stand to gain, I admit, if we have one decent road running east and west whereby we could transport our fruit and vegetables without, as at the present time, damaging them more than the cost of the trip from the Okanagan valley, for instance, to the prairies. When we have a decent road I am satisfied that we shall do much better with regard to our prairie market.

As someone suggested this afternoon, I often wondered whether the railway companies are not interested in holding back the trans-Canada highway. I am not going to suggest that that is so. However, another hon. member did so. I remember that, 30 years ago when we were trying to get the Hope-Princeton road built from the Okanagan valley to Vancouver, the railway companies were much opposed to it. The Canadian Pacific Railway Company particularly took steps to oppose that particular highway, and it was only after pushing them aside and getting them more or less in agreement that the road was built. However, they offered opposition for a long time. I am afraid there is something in what the hon. member said this afternoon when he suggested that some influence is at work in preventing construction of the trans-Canada highway.

I would also suggest that in these modern days a two-lane highway is not satisfactory. I think in British Columbia you will find that everywhere possible we shall have a four-lane highway. I would suggest that with the added cost, the federal government should be prepared to increase its offer to the provinces in order to bring the standard highway up to four lanes.

What I particularly want to mention is the fact that we in British Columbia have a slightly different problem, probably, from that in the other provinces. We have east to west roads going through narrow ravines and valleys. In British Columbia we have a situation not paralleled in the rest of the provinces. I refer to the Fraser canyon. We have spent $2 billion a year preparing for the defence of Canada. We have spent it and no one has grumbled. But I often wonder whether we are not foolish in our policy of defence or whether we have grasped the significance of the bottleneck in the Fraser canyon. We have the main trans-Canada C.P.R. line going through there and we have the main trans-Canada Canadian National line going through about a couple of hundred yards away; in places they cross each other. In the same canyon within a few feet of the railway is the trans-Canada highway. One well-placed bomb would destroy the whole

communication system from Vancouver into the interior through the Fraser canyon.

For that reason I am going to suggest to the government that they advance the same assistance to the southern trans-Canada highway as they are advancing to the Fraser canyon highway. I think this southern highway would be cheaper. It would be an alternate route, and at no time would Vancouver or the coast be cut off from the interior. In order to get a trans-Canada highway that is feasible all the year round, under war conditions, peace conditions or any other conditions, I think there must be two highways in our province.

I seriously suggest that the minister consider the southern trans-Canada highway. A great deal of work has already been done. There is perhaps just one small portion as to which we would have to negotiate with our United States friends in order to pass through their territory. In the meantime, lacking this trans-Canada highway, our people are traversing, east and west and north and south, mostly United States roads. That is possibly one of the reasons we are influenced today to such a great extent by United States thought and United States capital. It cannot be helped. We are getting closer and closer to them each day through having to pass through their country, stay in their towns and deal with stores in their towns. Obviously we are getting closer.

On the other hand, if you want to go from British Columbia to visit Regina, Calgary or Edmonton you may possibly go through the dust during the summer time, if you like dust. Otherwise you do not think of driving to those places. I would therefore urge the minister to take steps immediately to give a little bit of leadership with regard to this trans-Canada highway, show a little bit of enthusiasm and give a little bit more money and encouragement to the provinces to carry out the project as quickly as possible, before we find it is too late.

Mr. Knight: Mr. Chairman, I should like to say one brief word on this matter. I have often spoken about what I consider to be the inferiority complex of Canadians. I do not know why it is, but for some reason we do not seem to appreciate our own greatness. When I say "our own greatness" I am not talking about our greatness as personalities; I am talking about the greatness of this vast country and what it may become.

I think this government has always been shortsighted in this matter of highways. I think we have not had enough federal aid to the provinces in the matter of roads. We have heard here today of what the great government to the south of us has done. There is now no major road in the United States in which the federal government of the United States has not a financial interest. Who can say that this fact has not been for the benefit of that great country?

I should like to say something about a federal system of highways in connection with the matter of the promotion of national unity. I would suggest to you that back in 1867 when the question of building the Canadian Pacific Railway was being mooted, one of the great arguments in favour of that scheme was that it would join together Canadians, of whatever racial origin, from one end of this country to the other. I believe the building of the railroad had a tremendous influence in that direction. I am going to ask you, sir, if in these days the existence of a road across Canada, which would make every part of Canada available to every Canadian, would not be a great thing for the promotion of Canadian unity.

If a man in the province of Quebec, for instance, knew that in two or three days by the use of his automobile he could reach Manitoba or Saskatchewan and meet his fellow Canadians there, would that not be a great thing for the promotion of Canadian unity, which I am sure all of us desire? When I say there might be more travel from the east to the west, I have in mind of course that there would be more travel from the west to the east as well, because we in the west need to understand our eastern friends in Quebec or the maritimes, just as our eastern friends need to understand the people in the west.

There is one thing I should like to mention, and that is that I feel we need not one trans-Canada highway but two, and particularly from Winnipeg west. If you look at the geography of that country you can understand why. I can see why, at the present stage of development, one might argue that one Canadian highway would be sufficient across those rocks from Ottawa to Winnipeg, but when you get to Winnipeg and beyond to those vast agricultural plains the trend is already shown by the railroads. We have Winnipeg which is a sort of bottleneck through which everything must go. Then we have the two great national railway lines, one going across the southern part of the country and one striking northwest and going up to the northern part of the country, and both of them ultimately meeting at Vancouver.

If you look at Trans-Canada Air Lines you find exactly the same situation. You do not find simply a single trans-Canada air line following the main line of the Canadian Pacific, but you find another one following the line of the Canadian National Railways up through

Saskatoon and Edmonton. My belief is that a trans-Canada highway up through Saskatoon, Edmonton and the Yellowhead pass is just as important as a trans-Canada highway in the place where it is now located. I think it is something of a disgrace that this country, which was unified in 1867, has not as yet a road over which a Canadian from eastern Canada can reach the west coast while remaining in his own country.

There is a question also of the tourist trade, which is one of our greatest assets. If one begins to do some research into the tourist trade one finds that there is a considerable imbalance in favour of the United States. We find that Canadians are annually spending more in the United States than United States tourists are spending in our country. I would suggest that one might ponder the reason for that. I may be wrong, but in my opinion the greatest reason is simply that the United States has better roads. We Canadians know that when we cross the border into the United States our difficulties cease so far as automobile travel is concerned. I am convinced that if we had better roads we would be able to eliminate that imbalance and reach a state of equality in attracting tourists. Those of us who live in this country often meet United States tourists, and when we ask them if they are going here or there they say they will not take the risk because they have no confidence in our roads.

For these reasons, then, sir, I would urge upon this government that it take more responsibility in creating throughout this country roads under complete federal jurisdiction, or give assistance to the provinces in completing roads which may be considered as passable.

Mr. Fulton: I wonder if the parliamentary assistant is going to reply to some of the points we have put forward?

Mr. Bourget: I did not prepare any notes with which to answer all the criticisms that were made on this resolution because I thought every member in this house would approve of it. As hon. members know, this resolution is only seeking authority to introduce a bill. All kinds of information will be available when the bill is up for second reading.

I want to be very brief, Mr. Chairman, because I think all the criticisms I have heard since this resolution was introduced were mainly directed to the part this government has been playing since the introduction of the trans-Canada highway scheme in 1949. There is one thing that has been said upon which I agree with all hon. members, and this has been said on many occasions when bills were introduced in this house. It is that the government is heading in the right direction. I agree entirely with that. However, there was one criticism made by some hon. members that I cannot accept. It was stated that the fact that no better progress had been made toward the completion of this highway resulted from the appropriation of too little money in 1949. Well, Mr. Chairman, let us look at the facts, and I suppose the facts speak for themselves.

Hon. members will recall that in 1949 we authorized $150 million. Up to February 25 of this year the total federal commitment amounted to $111 million, which means that out of the $150 million we authorized at that time there is $39 million still in the treasury of which the provinces can take advantage. I do not think hon. members are fair when they say that if no better progress was made it was due to the fact we did not appropriate enough money.

Another criticism which was made, and which is generally made under similar circumstances, was that we were not doing enough. Well, Mr. Chairman, we of course do appreciate the demands that are made upon provincial treasuries, but we also cannot lose sight of the fact that heavy demands are made upon the federal government for national defence and for social security measures. We frequently hear demands to increase social security measures such as family allowances, old age pensions and the pensions of superannuated civil servants. If we are going to meet all the requests that are made by hon. members of the opposition we certainly will have to find new sources of revenue. We will have to be practical and increase taxes. We must not lose sight of that fact.

I simply cannot understand, Mr. Chairman, how hon. members can get up in this house and repeatedly ask for more money and in the same week accuse us of taxing the people of Canada too heavily. We will probably hear that accusation tomorrow when we resume the debate on the budget. Hon. members opposite will say that the people of Canada are too heavily taxed.

Some hon. Members: Order.

Mr. Bourget: I think I am quite in order, Mr. Chairman, because after all we have been discussing this resolution for at least five or six hours and we have heard many hon. members tell us that we are not doing enough.

Mr. Fulton: Hear, hear.

Mr. Bourget: My hon. friends accuse us of not doing enough. If the hon. member who

just interjected will go back to 1930 and read *Hansard* of that date he will perhaps—

Mr. Fulton: I will go back to 1912 and 1913 when the Conservative government introduced such legislation and your party defeated it in the Senate.

Mr. Bourget: We remember the campaign of 1930, when the Conservative party sent its leaders and candidates across the country promising the people that they would build the trans-Canada highway—

Mr. Fulton: And your party defeated it in the Senate.

Mr. Bourget: Well, the Liberal government has already begun it. Let the hon. member look at the record—

Mr. Fulton: I have.

Mr. Bourget: You cannot compare what we are doing today with the program that has been offered by the Conservative party—

Mr. Fulton: You are fifty years too late.

Mr. Bourget: Mr. Chairman, when the hon. member for Kamloops spoke this afternoon I did not interrupt him—

Mr. McIlraith: You are more courteous than he is.

Mr. Bourget: And I do not think I have ever interrupted any hon. member in this house.

Mr. Fulton: Perhaps I was not as provocative as you are.

Mr. Bourget: I think this government, Mr. Chairman, is doing its utmost to see that the trans-Canada highway will be completed in time. I might say that we are very generous when one considers that in Canada highways are primarily under the jurisdiction of provincial governments. On that point I must say that I find it strange when I hear some hon. members asking not only for a trans-Canada highway from east to west but also asking for roads from north to south, which certainly are under the jurisdiction of the provinces.

We have often been criticized in this house for trying to infringe upon the jurisdiction of the provinces. The Minister of Transport who at one time sat in the provincial house in Quebec surely remembers how many times we have been criticized for trying to infringe upon the jurisdiction of the provinces. I think we should be commended for the effort we are making in dealing with matters that concern the provinces.

Some hon. members expressed the fear that the roads located in the national parks would not be completed on time. I can assure them that the program we have set for this year and next year will ensure that 90 or 95 per cent of the road will be graded by the fall of 1957—

An hon. Member: That will be election year, will it not?

Mr. Bourget: —and we are sure that by 1959 at the latest those parts of the road located in national parks will have been paved from one end to the other.

In concluding my remarks, Mr. Chairman, I repeat that this government is doing its share in endeavouring to complete this highway from one end of Canada to the other. I hope that with fewer speeches from the opposition and more action, and in collaboration with the provinces, we will be able by 1960 to enjoy a nice ride on the trans-Canada highway from Newfoundland to Victoria.

Mr. Fulton: Mr. Chairman, if I was inconsiderate in interrupting the hon. member, I apologize.

An hon. Member: You should.

An hon. Member: Now you will be torn apart.

Mr. Fulton: I agree that he did not interrupt me while I was speaking this afternoon, but as I pointed out while he was speaking I was perhaps not as provocative in my remarks as was the hon. member.

In the speech the hon. gentleman has just delivered he has rehearsed and presented to us more fully than any of us could have asked for, all the reasons why this government should be criticized with respect to its trans-Canada highway policy. Since this session began I have not heard such a completely negative approach as that just outlined by the hon. gentleman.

An hon. Member: You are an expert at it, too.

Mr. Fulton: The hon. gentleman says with fewer speeches and more action he may hope that we will all be able to ride on the trans-Canada highway from Newfoundland to Victoria. Well, Mr. Chairman, I do not know which we are getting less of, whether it be less speeches or less action, but I do know we are getting no action whatsoever from this government; and if speeches from this side of the house can goad, prod and drive this government into action, then every speech will have been fully justified. At the present time we are not getting any action. We are not going to have a trans-Canada highway by 1960 as this resolution calls for because this government does not have a sensible, progressive, far-reaching trans-Canada highway policy.

We have had six years of so-called action and we have not yet a trans-Canada highway. How many miles remain to be completed? Over 1,500 miles. That is a long way, even in Canada. That is how far short we are of the objective the government set for itself. We told the government that its policy was not going to produce the results in the time limit it laid down when it commenced the project. And so we heard tonight from the hon. gentleman with the support of his superiors, the Minister of Public Works, who was behind him applauding him and goading him on—

Mr. Winters: I always applaud a good performance.

Mr. Fulton: —and registering every sign of approval. We heard the old cry which we expected when we advocate a far-reaching, constructive policy for the building of a greater Canada. We were told that we were irresponsible, because they said, "Where is the money going to come from?" Well, Mr. Chairman, I suggest to this committee that when it comes to the contemplation of constructive projects, projects which are themselves going to lead to the creation of a greater and more productive Canada, which are themselves going to lay the foundation for a much more productive country, it is a shortsighted policy to say, as this government says, that we are being irresponsible when we suggest expenditures for such a program. When it comes to unproductive programs, when it comes to programs which the government think are going to bring them votes because they are immediately attractive, then there is no difficulty in finding money. There is no difficulty in finding money which they think is going to serve their political interests.

An hon. Member: Tell us what.

An hon. Member: For what?

Mr. Fulton: There are thousands of them scattered through the estimates. There are the publicity and the propaganda items which my hon. friend is so good at.

An hon. Member: Family allowances.

An hon. Member: Old age pensions.

An hon. Member: Name them.

Mr. Fulton: If my hon. friend thinks that family allowances and old age pensions are unproductive and unjustified, let him get up and say so. Those are the words he has uttered. I am thinking of the hundreds and thousands and millions of dollars which are spent on propaganda efforts on behalf of the government.

An hon. Member: Such as?

Mr. Fulton: They are scattered throughout your own department. I do not know how far off the track you are going to allow me to get, Mr. Chairman, but if I have the time—

An hon. Member: You are away off.

An hon. Member: Always off the track.

Mr. Fulton: If I have time I will pick out the items and show my hon. friends, for there are many amounts for propaganda, publicity and travelling expenses.

Mr. Weir: My hon. friend says we could save money in connection with certain lines of propaganda, publicity and so forth, but a little while ago either the hon. member or some other hon. member opposite criticized the government for not selling the trans-Canada highway sufficiently to have it built. Which side do they want to be on?

Mr. Fulton: Would my hon. friend repeat his question. I did not understand either the question or its import. Perhaps if my hon. friend would repeat it I would be better able to understand it.

An hon. Member: Read it in *Hansard* tomorrow.

Mr. Fulton: I know the purpose of my hon. friends. They are trying to lead me off the track because they do not like criticism. The main point is that to build a trans-Canada highway in this country, indeed to create a national system of highways, would be one of the most productive measures this country could undertake; but because my hon. friends opposite cannot see beyond the ends of their noses—unless it be in connection with the political purposes they are trying to serve, when they are very farsighted indeed—they get up and say that to suggest expenditures for this purpose is irresponsible. The simple answer to that sort of criticism is that it is a proper expenditure for productive purposes which will create employment, which will create industry, which will serve the future of this nation. Such expenditures are always justified provided they are based on sound, efficient and sensible grounds.

My hon. friends opposite boast when it suits their purpose of the tremendous increase in the gross national product, but when we suggest that the increase in the gross national product that would follow from these productive expenditures which we advocate would more than take care of the burden of such expenditures, they forget immediately what the Minister of Finance said in his budget speech. He did not say much, but one thing he took credit for was the increase in the gross national product.

An hon. Member: Thank goodness he did not say much.

Mr. Fulton: My hon. friend says, "Thank goodness he did not say much." It took him an hour and a half to say what he had to say, and I hate to think how long it would have taken him to say something when it took him that long to say nothing. I know my hon. friends are very good at putting hon. members off the track, but we are not going to be put off the track on this issue. The simple issue is first, whether expenditures by the federal government designed to create one trans-Canada road, which is what we are discussing here, and second, the advocacy of expenditures to create an adequate system of national highways, are irresponsible.

If my hon. friends opposite think that suggestions based upon a realistic appreciation of the future of this country and of what is the responsibility of the government in Ottawa in creating and bringing about conditions under which this country can realize that future; if they think that is irresponsible, then we accept the charge. But by the same token my hon. friends are guilty of the charge of shortsightedness, lack of leadership and lack of imagination. It is those characteristics of theirs which have brought this country to the point where unless we are careful, unless we take certain positive steps, not only are we going to find that our own resources have passed out of our control to the control of people in the United States, but we are going to find that in fact the development of the country as a whole and its future are stultified simply because of lack of leadership and action at this level.

In his reply my hon. friend made some reference to the question of infringement on provincial jurisdiction. That is a real problem, the problem of getting agreement with the provinces for a trans-Canada highway and particularly for the larger project of a national highway system. He talked about infringement on provincial jurisdiction, but in this resolution now before us there is a measure of dictation to the provinces such as I would have thought would make my hon. friend hesitate before advancing that criticism against us.

What has happened under the program as we have had it so far? The provinces have been urged to spend money on the construction of a highway along a certain route, and after they have completed construction to specified standards they are entitled to a 50 per cent contribution. Take any provincial government which is a party to this agreement; take especially any of the provinces which are faced with the construction of difficult sections of the trans-Canada highway; speak to them, and they will tell you they have been hard put to spend anything like their portion of the amount which the federal government is anxious to have them spend. The result is that to which I referred this afternoon.

The province of British Columbia has been most conscientious in its efforts to live up to its obligations, its obligation to its own citizens and its obligation under the over-all agreement, to get on with the trans-Canada highway construction. But that province now finds that it is penalized as a result of the 10 per cent proposal. Take the case of a province which has built a large proportion of its highway through difficult mountainous terrain and has left large sections of easier construction to be done later. To use the term which the parliamentary assistant used, those gaps are partly in the low-cost areas. That province will get only 90 per cent assistance when it completes the gaps, which lie partly in low-cost areas.

Another province may have built only the easy sections, leaving the more difficult sections for the future, but that province will receive 90 per cent assistance applied exclusively to the more difficult areas of their construction. It is certainly a fact that British Columbia has already built some of the most difficult sections of its portion of the trans-Canada highway, leaving some of the stretches of less difficulty for future construction. That forms the gap which is under discussion here. Yet we are told, in the words of the parliamentary assistant, that the 10 per cent applies only to the gaps. That is the 10 per cent to which the federal government will contribute 90 per cent. I refer to his words as reported on page 2522 of *Hansard*.

Here I may say that some of my colleagues were somewhat critical of my suggestion earlier this afternoon that the resolution, in the terms in which we find it, would penalize those provinces which have been most conscientious in their efforts to build the road. These are the words of the parliamentary assistant which, I say, prove the point I was making:

> In no province does the gap or the combined lengths of gaps where there is no highway of any kind exceed 10 per cent of the total mileage in that province.

I would hope not. There is no stretch of British Columbia in which there is no highway of any kind. Then the parliamentary assistant continued.

> The resolution therefore indicates that the bill will seek authority for the Minister of Finance to pay a higher contribution for a portion of the highway in a province not exceeding 10 per cent

of the mileage. The federal government contribution for these gaps will be increased from 50 per cent to 90 per cent of the cost of construction.

If those words mean what they say, they mean the provinces will only get a 90 per cent contribution with respect to those portions of the highway not yet completed; but if a province has pressed on, as our own province has, in spite of the tremendous difficulties of construction there, and constructed substantial portions in the mountainous and difficult areas, it means that it cannot get 90 per cent for the portions it has completed—even the most difficult ones—simply because these portions have already been constructed; whereas a province that has left its most difficult portions can get this 90 per cent contribution applied exclusively to those portions. Nothing could be more obvious than that there is inherent, in fact there is actually contained, in this proposal, a proposition which will penalize the provinces which have done most in the past to build this trans-Canada highway. So this proposal requires substantial amendment.

In connection with this matter of the national highways system, upon which my hon. friends opposite cast such scorn, I should like to point out that on January 18, in this session, I introduced a resolution which under the new rules has disappeared from the order paper. I should like now to commend it to the government and to the house for consideration generally as an approach toward solving this question of highway construction in Canada. It reads as follows:

That, in the opinion of this house, (a) the requirements of national defence, as well as the need to serve existing and to promote further development of Canada's territory and resources dictate that there should be more than one east-west trans-Canada highway, as well as several main north-south highways to provide connection with routes in the United States and access to Canada's northland; and (b) the cost of providing such an adequate system of highways built to the standards of modern requirements is beyond the resources of the provinces alone, with the result that Canada is not served by any adequate system of highways or even one adequate trans-Canada highway at the present time;

And therefore the government should take into immediate consideration with the governments of the various provinces the advisability of enlarging the scope of the existing trans-Canada highway agreements so as to develop a system of national highways, both east-west and north-south, financed and maintained jointly by the dominion and the provinces on an acceptable and realistic basis.

I suggest to you, Mr. Chairman, that the speech we heard from the parliamentary assistant to the Minister of Public Works, in which he was invited to reply to the suggestions which were made from this side of the house—and indeed to some of the suggestions made from his own side—that there is an increasing measure of responsibility which must be borne by the federal government, simply confirms us in the opinion, which has been growing for some time now, that this government is unable to appreciate its responsibilities, and, even if it were able to appreciate them, is completely incapable of taking any action with respect to them.

As I see it, this resolution in its present form, first, is inadequate to deal with the problem; and second, is going to work a discrimination as between provinces with respect to their existing road construction. Therefore, not because it will make the resolution perfect but simply because I can only move an amendment within the scope of the resolution introduced by the government, I move the following by way of amendment:

That the resolution be amended by adding thereto after the words "not exceeding 10 per centum thereof" the following words:

"the portion of the highway to which such increased payment is to apply to be designated by the province."

This would have the effect that the resolution would read as follows in its introductory portion:

That it is expedient to introduce a measure to amend the Trans-Canada Highway Act to provide that the Minister of Finance may pay a higher contribution for a portion of the highway in a province not exceeding 10 per centum thereof, the portion of the highway to which such increased payment is to apply to be designated by the province; . . .

Then the province, if it had completed some of its most expensive portions, could say that it will claim against the federal government 90 per cent of the cost of those portions.

The Deputy Chairman: I might say that at the moment it does not appear to me that this proposed amendment would extend the financial commitment of the crown. If the hon. gentleman who just moved the amendment is correct in all the arguments with which he moved it, then perhaps by the merit of his argument his own resolution would be out of order. However, at the moment, before asking the committee to vote, I would be willing to consider the matter further. At the moment I am not refusing to accept the amendment.

Mr. Lesage: My intervention will be very brief. If I understood the hon. member for Kamloops correctly, his main criticism against the government is, that first, the federal government's share in the building of the trans-Canada highway is not sufficient and, second, that the federal government should participate financially in the building of a national highway system.

I suppose I should conclude from that, knowing with what respect the hon. member

for Kamloops is considered by the members of his party, that in offering this criticism he was stating what is the policy of his party. However I was much surprised, because on January 30 last I was listening over television to the hon. member for Three Rivers, who had just been elected president of the national Conservative association, in a program which is called "Press Conference". The hon. member for Three Rivers was answering questions asked him by Mr. Langlois, the parliamentary reporter for the newspaper *La Presse* of Montreal. He said, and I quote in French:

...si le parti conservateur venait au pouvoir la constitution serait mieux respectée.

"If the Conservative party came to power the constitution would be more respected". That was the hon. member for Three Rivers. Now, Mr. Langlois asked:

But how is the constitution being sabotaged? Give some examples.

Or in French, as he asked it:

...en quoi la constitution est-elle sabotée? Donnez des exemples.

The hon. member for Three Rivers gave certain examples and then he said:

...et puis à part de ça, le fédéral cherche à s'immiscer dans toutes sortes de domaines. Comme par exemple: les routes...

I translate:

And further, the federal government tries to mix itself in all sorts of domains like, for example, highways or roads.

My question, Mr. Chairman, is obvious. Where does the policy of the Conservative party lie? Should we listen to the criticisms of the hon. member for Kamloops, who is a well respected member of the Conservative party, or should we follow the advice of the national president of the Conservative party? I have said many times, I am going to say it for the first time in the house, and it has been proven true again, that the Conservative party has always been and always will be in Canada the party with two faces.

Mrs. Fairclough: What about the Liberals? They have three.

An hon. Member: It depends whether they are speaking in French or in English.

Mrs. Fairclough: You're not kidding.

Mr. Fulton: I would be interested to hear the policy of the Minister of Northern Affairs and National Resources in this respect.

Mr. Lesage: My policy is the policy of the government.

Mr. Fulton: But I will hear it in his own time and not in mine. I will say, however, that he has just entertained us by easy and facile criticism of the remarks of a particular member of the Conservative party.

Some hon. Members: No, no.

An hon. Member: The president of the Conservative party.

Mr. Fulton: Yes, yes.

Mrs. Fairclough: Yours is not even in the house.

Mr. Fulton: The remarks of that member were based upon the actions of the present government. The hon. member for Three Rivers was discussing this matter under the impact of the policy of the present government, which does attempt to dictate to the provinces and to discriminate between them, as I have just shown in connection with the resolution now before the house.

Some hon. Members: No.

Mr. Fulton: Let me say this to my hon. friends. Under the present highway policy of the government they do attempt to dictate to the provinces. I have just read my resolution which sets forth the policy that I advocate. My hon. friend can ascribe to it such authority as a party statement as he wishes. I am flattered by his reference to myself in that connection, but I point out that it comes from his lips and not from mine. In the policy which I have advocated I have said that this national highway system should be worked out by consultation with the provinces so an agreement might be reached whereby it would be financed and maintained "jointly by the dominion and the provinces on an acceptable and realistic basis."

May I ask the hon. member to remember this. The hon. member for Three Rivers was on a television program where, as I say, he was replying to a particular question under a particular set of circumstances with reference to the policy of the present government. This is my answer to my hon. friend, and this is where I find it rather amusing—

An hon. Member: Skate, boy, skate.

Mr. Fulton: —that my hon. friend would say the Conservative party is the party of two faces, because never in the history of any country has there been a party so successful as the Liberal party of my hon. friends in saying one thing in one part of the country and another in another part of the country.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Just read the advertisements of your friends in Quebec.

Mr. Fulton: Not only that, but my hon. friend the Minister of Northern Affairs and National Resources knows very well that he himself advocates one policy and his colleague the Minister of Fisheries advocates another.

Some hon. Members: Hear, hear.

Mr. Fulton: I may say to the minister that that is a matter of public record, as I will have occasion to show later. As for the question of one policy, I have read the resolution which I advocate in this house, and we do not say one thing in the house and another in the country. We say the same thing everywhere in Canada.

Some hon. Members: Oh, oh.

An hon. Member: Ask the president.

An hon. Member: You cannot deny it.

An hon. Member: Ask the president. He is here now.

Mr. Fulton: If my hon. friends have some criticism or disagreement, let them express themselves one at a time.

Some hon. Members: Oh, oh.

An hon. Member: Oh, shut up.

Mr. Fulton: The resolution I read appeared on the order paper on the 19th of January. The annual meeting of the Conservative association of Canada was held on the 16th and 17th of January. During that meeting a resolution was presented to the policy and resolutions committee of the Progressive Conservative association of Canada which was discussed by members of that association from Newfoundland, New Brunswick, Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

An hon. Member: What did they think about social credit?

Mr. Fulton: That association, representative of the Conservative party from coast to coast in Canada and speaking with one voice—

An hon. Member: Very small.

Mr. Fulton: —adopted that resolution, which advocated exactly the same policy as is contained in the resolution which I have just read in this house to my hon. friends. I would suggest that to my hon. friends as an example of a party speaking with one voice from coast to coast, instead of running around in one province and saying that if you vote for Mr. Drew you will be voting against the interests of French Canada.

Some hon. Members: Oh, oh.

The Deputy Chairman: Order.

Mr. Lesage: On a question of privilege—

[Mr. Pickersgill.]

Mrs. Fairclough: So the shoe pinches.

Mr. Lesage: —the hon. member for Kamloops is attributing to me certain declarations that I have never made outside of the house.

Mrs. Fairclough: Were you guilty? The shoe pinches.

Mr. Fulton: If my hon. friend wishes to claim it—

The Deputy Chairman: Order. Will all hon. gentlemen kindly resume their seats and let me make myself heard for a moment.

Mr. Hodgson: What about the gang standing behind the curtain?

The Deputy Chairman: Order, please. I should like to point out to the committee that we are discussing a resolution dealing with the trans-Canada highway and those of us who have occupied the chair have knowingly permitted the consideration and discussion of this resolution to include matters of general policy dealing with highways which might be said to lead up to or have some effect on the policy of the government in connection with the trans-Canada highway. As a result of the latitude which has been allowed by the Chair—

An hon. Member: Oh, oh.

The Deputy Chairman: I would ask hon. members to remain silent for a few moments while I am on my feet. As a result of the latitude which has been allowed by the Chair this discussion is in very great danger of getting far beyond highways and particularly trans-Canada highway policy. I am going to ask all hon. members to come back now to the trans-Canada highway resolution and to the amendment submitted by the hon. member for Kamloops, which is actually what is before the committee at the moment.

I believe that at least one hon. member who sat down when I rose to my feet considers that he has a question of privilege. If he so considers I will hear it, but following that I am going to insist that for the balance of the evening hon. members come back to the trans-Canada highway resolution and the amendment moved by the hon. member for Kamloops.

Mr. Balcer: Mr. Chairman, before your ruling I was intending to rise on a question of privilege. As the Minister of Northern Affairs and National Resources is the one who started this discussion about one policy in one part of the country and another policy in another part, I think it would be proper for me to remind him of what happened during the 1953 campaign. I remember very well that I even heard the hon. member for Champlain, who sits in this house, say over

the radio that the people must vote against George Drew because he was Protestant and English-speaking.

The Deputy Chairman: Order. I thought I had made it clear that if any hon. member wishes to raise a question of privilege or to state that in the heat of this debate he has been misquoted or misinterpreted, we shall hear him. But I do not propose—and I do not think the committee will expect me to do so—to permit this committee to go back to campaign speeches which may have been made in the last election campaign, unless they directly apply to the trans-Canada highway.

Mr. Lesage: I rise on a question of privilege. I cannot allow this accusation to go unchallenged, Mr. Chairman. I completely deny that I ever used in any electoral campaign any such argument as the one which has just now been mentioned by the hon. member for Three Rivers.

Some hon. Members: Sit down.

Mr. Lesage: To go on with the debate—

Mr. Balcer: Mr. Chairman—

The Deputy Chairman: Order. I am reaching the stage where I am inclined to advise this committee that this is a deliberative body representative of the people of Canada, and not a circus. If anybody feels that those remarks are not particularly respectful, may I say that perhaps they were intended to be taken in that way. I repeat that if any member considers that during these last few minutes he has been misquoted, we shall hear a denial or an interpretation as a matter of privilege. However, the merits of any statement which may or may not have been made in any election campaign in 1953 or previously are not pertinent to whether or not the amendment proposed by the hon. member for Kamloops should be included in this trans-Canada highway resolution.

Mr. Lesage: Mr. Chairman, to come back to the debate—

Mr. Fulton: I rise on a point of order. I believe I had the floor when the minister rose on a question of privilege.

Mr. Lesage: I thought the hon. member had finished.

Mr. Fulton: I resumed my seat because certain discussion on a question of privilege then had priority. If the question of privilege has been disposed of, I suggest that I have the right to the floor in order to complete my remarks. I shall not be long, but I should like to say just one or two more things on the question of privilege and the general discussion which followed. I hardly think that just because someone alleges that he has been misquoted, he would want to raise a question of privilege. The trouble is that the Minister of Northern Affairs and National Resources has spoken all too clearly and that he made the statement all too clearly which applies to him and his party rather than to us.

Mr. Lesage: What statement are you speaking of?

Mr. Fulton: There is one point made by the parliamentary assistant which remains to be dealt with, and I should like enlightenment on it. In the course of his reply he entered the defence that we had no right to be critical of the federal government for having failed to carry forward this trans-Canada highway construction on the ground, if I understood him correctly, that in 1949—I think that was the year he used—parliament had voted, he said, $150 million toward this project and that $150 million had not been spent. My understanding is that that was not a supply vote of this house.

I have checked quickly through the estimates for 1949—and I am speaking subject to correction because I checked quickly—and as far as I can find there was no vote of this house of $150 million. There was, as I understand it, a statutory authority in a bill which was passed in 1948, I think, for expenditures by the federal authority up to $150 million if the provinces were able to get on with their portion of the construction up to that amount.

I therefore do not think it would be accurate or fair to the people generally and to the provinces in particular to suggest that there was appropriated and lying, as it were, available in the federal treasury the sum of $150 million, just waiting for the provinces to spend their portion. The truth of the matter is that the federal taxpayers would still have had to raise their portion up to $150 million at any time the provinces had been able to make or had in fact made that equivalent expenditure.

The point then is this, and this is the nub of the criticism. The provinces now find themselves extended to the limit with respect to their normal road commitments, and they are going to be little if any better able to proceed, whether it be 90 per cent or 100 per cent that the dominion government ties strings to and says must be spent within a certain number of years. They are not going to be much better able to complete this trans-Canada highway, because they have their continuing commitments for developmental roads, secondary roads and the improvement of their road systems generally.

Until this government accepts the principle —the details are open to debate—we are not going to get the desired result. It is the principle we are talking about. Until this government accepts the principle that it has an over-all responsibility in connection with the facilities for communication between the different portions of Canada we are not going to get the desired result, namely an adequate system of national roads or even one adequate trans-Canada highway.

Mr. Beaudry: Mine is not a point of order nor a question of privilege. It is merely a point of curiosity, Mr. Chairman. I should like to ask the hon. member for Kamloops—and I have not the full terms of the resolution in my mind—if the word "consultation" in the amendment is similar to the word "consultation" used in an amendment suggested by a similar group of people in 1948 when it was suggested that we add a tenth province to Canada; and whether the meaning of the word "consultation" as used today has the meaning that was then slightly amended when a further amendment from this side requested that we further qualify the word "consultation" in this, that it could possibly mean "approval". I should like the hon. member for Kamloops to enlighten me.

Mr. Fulton: I think about all I can say is that if the hon. member would stick around a bit, he might get enlightenment.

Mr. Hees: Once a year Beaudry.

Mr. Lesage: We have heard the explanation of the hon. member for Kamloops about the discrepancies between the policy he advocates and what the hon. member for Three Rivers had to say over television in January. But it would be much more interesting if we had the explanation from the president of the national Conservative association himself. It would be interesting to have answers to two easy questions. First, is the hon. member for Three Rivers in favour of the financial participation of the federal government in the building of the trans-Canada highway? Second, is he in favour of the financial participation of the federal government in a national highway policy as understood by the hon. member for Kamloops?

Mr. Balcer: Mr. Chairman, in about a year from now I will be sitting in the minister's seat.

Mr. Lesage: You will be back in Three Rivers by that time.

Mr. Winters: I think I am quite safe in asserting that the hon. member's prediction is no more likely to come true than his amendment to this resolution is sound.

Mr. Hodgson: Pour a little oil on.

[Mr. Fulton.]

Mr. Winters: It was my purpose in having this resolution put on the order paper to enable the government to introduce a measure which I thought, and I sincerely believed and hoped, would enable the provincial governments more expeditiously to come to grips with this matter of building a trans-Canada highway. The resolution is straightforward. There is nothing complex about it. It only seeks authority to introduce a measure. I think if hon. members had waited to see the bill much of what has been said here today would not need to have been said at all.

It seems to me this amendment introduced by the hon. member for Kamloops seeks to anticipate certain definitions that might be contained in the bill. Its purpose is clear. It carries the hope by adopting the wording suggested by the hon. member for Kamloops, that federal government expenditures will be larger than they otherwise would be under the arrangement he fears will be in the bill. If that is the case, Mr. Chairman, then I submit the amendment is clearly out of order on that ground.

But if that is not to be the ruling and we are to consider the amendment on its merits, then I suggest that it is not good on its merits for reasons which the hon. member will be able to see more clearly when the bill is before the house. We have been debating this simple resolution on two separate days. It simply seeks permission to introduce a measure. I think there would be far more enlightenment if hon. members availed themselves of the opportunity of seeing the bill, and I hope that might be done before the house rises this evening.

In the light of what I have said, Mr. Chairman, the government is not able to accept this amendment.

Mr. Knowles: It seems to me that for our benefit, and also for your benefit, the minister should make much clearer what the resolution means. I have read carefully what the parliamentary assistant said the last time this matter was under discussion, and if I took the time to quote from him at two places it seems to me it would indicate he said two different things. If I may say so with deep respect, I think the hon. member for Vancouver-Quadra took one interpretation and the hon. member for Kamloops took another interpretation.

An hon. Member: He did.

Mr. Knowles: It is quite proper for two different members in the opposition to take two different interpretations, because the parliamentary assistant gave two different interpretations.

I think what Your Honour has to know is what is the 10 per cent to which the greater contribution is to apply, so far as the minister's resolution is concerned. Is the 10 per cent the 10 per cent that remains by way of a gap? Is the 10 per cent any 10 per cent of the highway that may be chosen by the federal government or the provincial government, or is it just 10 per cent of the total cost of the highway in the province? I think I am justified in asking those three questions on the basis of the different things that have been said.

Some of my colleagues have asked me during the course of the debate on the resolution for an interpretation, and I gave an interpretation which I now must correct because the minister has left us in a state of confusion. I think Your Honour will not be able to rule upon whether or not this amendment is in order until you know what the resolution means, and I think the minister should tell both you and the committee.

Mr. Winters: I cannot remember saying anything that could possibly be construed as giving two interpretations.

Mr. Knowles: It was the parliamentary assistant to whom I referred.

Mr. Argue: What is the 10 per cent?

Mr. Winters: This whole operation is supposed to be a gap-closing operation, designed to enable the provincial governments to complete this highway across Canada as expeditiously as possible. We have examined the whole program of construction in the provinces, and we have found that in every province there is still at least 10 per cent of the highway that has not been completed. In some provinces it is more than 10 per cent. The object is to pay 90 per cent of the cost of closing the gap; the work under this formula to be restricted to mileage still uncompleted. Now, that gap will be a matter for determination. It is 10 per cent of the entire mileage—

Some hon. Members: That is better.

Mr. Winters: —but it will be limited to the highway that still remains to be completed. The gap itself will be determined by agreement between the provincial government concerned and the federal government.

Mr. Knowles: I think the minister has added very nicely to the confusion that already exists, Mr. Chairman. Let me read what his parliamentary assistant said on March 22, as reported on page 2522 and then on page 2523 of *Hansard* for that date. On page 2522 he said:

> The federal government contribution for these gaps will be increased from 50 per cent to 90 per cent of the cost of construction.

Over on page 2523, after a statement had been made by the hon. member for Victoria (Ont.) the parliamentary assistant replied:

> The federal government proposes to pay not 10 per cent of the gap but it proposes 90 per cent of 10 per cent of the total length of the mileage in any province.

Mr. Winters: That is correct.

Mr. Knowles: On the previous page the parliamentary assistant said that the federal government's contribution for these gaps will be increased from 50 per cent to 90 per cent of the cost of construction. Does the 10 per cent apply to the gaps that are unfinished, or is it 10 per cent of the whole highway in the province?

Mr. Winters: It is 10 per cent of the total mileage in each province applied to those gaps that still remain to be completed.

Mr. Fulton: In other words, it is quite clear that the 10 per cent applies only to the portions which are not yet completed.

Mr. Winters: That is correct, Mr. Chairman.

Mr. Fulton: Then the substance of my amendment, it seems to me, is completely established. If a province has already completed some of the most expensive mileage in the province, they cannot apply this 10 per cent to that.

Mr. Winters: The hon. member can disabuse his mind of any such apprehension. We have examined this whole program, and I can assure him each province can take advantage of this 90 per cent gap-closing formula with great benefit to itself.

Mr. Fulton: That is a very easy answer.

Mr. Winters: It is a correct one.

Mr. Fulton: I accept it in the spirit in which it is given. A province can accept it with advantage to itself, but it applies only to the closing of the gap. My point is that those provinces which have already completed substantial portions of their most expensive construction, cannot apply this formula to those portions already completed. My view is that they should be left free to do so, and that it why I moved the amendment.

Mr. Knowles: If what the minister said in the last sentence he uttered when he was on his feet is the case, then I submit the amendment is quite in order.

Mr. Harris: Let us have a vote on it.

Mr. Knowles: If the minister has declared that the provinces already have the right to avail themselves—

The Deputy Chairman: If the hon. member will permit me to interrupt, I might say that there is a maximum provided in the resolution; that the aggregate of all expenditures under the act may be increased to a maximum of $250 million. Therefore I do not think it is possible for the amendment to increase the commitment. I have accepted the amendment.

Is the committee ready for the question on the amendment?

Amendment negatived: Yeas, 38; nays, 74.

Resolution reported and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 214, to amend the Trans-Canada Highway Act.

Motion agreed to and bill read the first time.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

O'SULLIVAN POST OFFICE, SCARBOROUGH, ONT.

Question No. 353—**Mr. Starr:**

1. Have any communications been received by the Postmaster General, or his department, from residents of Scarborough, Ontario, protesting the naming of a post office in that community, "O'Sullivan"?

2. If so, what action, if any, is being taken in the matter?

Answer by: **Mr. Lapointe:**

1. Yes.

2. It was pointed out that change of name to "Scarborough" as suggested would create confusion in delivery of mail.

POST OFFICE BOX RENTALS

Question No. 378—**Mrs. Fairclough:**

1. How many post office boxes are available for rental in the following cities of Canada, at both main office and sub-stations, where they exist: St. John's, Newfoundland; Halifax, Nova Scotia; Fredericton, New Brunswick; Montreal, Quebec, Shawinigan Falls, Three Rivers, Quebec; Toronto, Hamilton, Windsor, London, Kitchener, St. Catharines, Ontario; Winnipeg, Manitoba; Regina, Saskatchewan; Calgary, Edmonton, Alberta; Vancouver, Victoria, British Columbia?

2. How many are now rented in each locality?

3. How many are unrented?

4. How many companies or individuals have made arrangements in each of these post offices to call for their mail at the letter carrier wicket?

Answer by: **Mr. Lapointe:**

	Questions 1	2	3	4
St. John's, Nfld.				nil
Main office	813	811	2	
Postal stations	682	680	2	
Halifax, N. S.				23
Main office	790	780	10	
Postal stations	590	421	169	
Fredericton, N. B.				6
Main office	754	500	254	
Montreal, P. Q.				2022
Main office	774	473	301	
Postal stations	5136	3358	1778	
Sub-post offices	356	36	320	
Quebec, P.Q.				nil
Main office	340	271	69	
Postal stations	1314	898	416	
Sub-post offices	120	45	75	
Shawinigan Falls, P.Q.				nil
Main office	312	300	12	
Postal stations	80	30	50	
Three Rivers, P.Q.				nil
Main office	680	633	47	
Toronto, Ont.				1925
Main office	352	350	2	
Postal stations	1744	1499	245	
Other offices	2123	1430	693	
Hamilton, Ont.				132
Main office	378	376	2	
Postal stations	615	502	113	
Windsor, Ont.				7
Main office	323	322	1	
Postal stations	591	350	241	
London, Ont.				nil
Main office	657	637	20	
Kitchener, Ont.				26
Main office	276	276	0	
St. Catharines, Ont.				26
Main office	313	308	5	
Winnipeg, Man.				588
Main office	617	609	8	
Postal stations	622	298	324	
Regina, Sask.				112
Main office	483	470	13	
Calgary, Alta.				354
Main office	400	400	0	
Edmonton, Alta.				221
Main office	462	461	1	
Postal stations	368	366	2	
Vancouver, B.C.				589
Main office	897	842	55	
Postal stations	387	278	109	
Sub-post offices	219	219	0	
Other offices	746	707	39	
Victoria, B.C.				58
Main office	801	630	171	

There are no postal stations at: Fredericton, Three Rivers, London, Kitchener, St. Catharines, Regina, Calgary, and Victoria.

There are no post office boxes at sub-post offices except at: Quebec, Montreal, and Vancouver.

HOUSE OF COMMONS

Tuesday, April 17, 1956

The house met at 2.30 p.m.

CANADIAN BROADCASTING CORPORATION

HOCKEY—STATEMENT AS TO BROADCAST OF ALLAN CUP SERIES

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, yesterday the hon. member for Kent, Ont. (Mr. Huffman) asked a question with reference to the broadcasting of Allan cup games. The Canadian Broadcasting Corporation advises that it is not planning to carry the Allan cup series on a full national network, but has offered a network line free to bring broadcasts of the games from Vernon, B.C., to station CFCO, Chatham, Ontario.

PIPE LINES

TRANS-CANADA PIPE LINES—REFERENCE TO STATEMENT BY UNITED STATES AMBASSADOR

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether it was he who gave the United States ambassador the misinformation and conclusions regarding Trans-Canada Pipe Lines which found themselves translated into that gentleman's speech yesterday.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I gave no information on the subject.

Mr. Diefenbaker: You were on a trip together.

SEARCH AND RESCUE

STATEMENT ON REPORTED DISBANDING OF SERVICE ON BRITISH COLUMBIA COAST

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the hon. member for New Westminster (Mr. Hahn) inquired last Friday about a press report that the rescue service on the west coast may be disbanded. This report relates to a letter sent by the British Columbia towboat owners' association to my department which, however, reached it only after the report in question had been published. The letter contains representations as to a small radio station on the second narrows bridge in Vancouver, and raises the question of financial assistance for the work of marine assistance carried out by the association.

I should explain to hon. members that last October a number of proposals regarding marine search and rescue in British Columbia were made to the officials of my department by the association, which operates a most useful volunteer search and rescue organization on the west coast. At that time it was pointed out to the association that some of the matters covered by its proposals did not come under my department, but an assurance was given that the suggestions put forward would be brought to the attention of the proper authorities. This has been done, and the Department of National Defence, which has the responsibility for co-ordinating the actions of the various agencies concerned, has accepted and given effect to some of the proposals made, while others are still under consideration.

Following the discussions with the association last October a number of changes and additions have been made in order to provide improved communication facilities for search and rescue. My department has installed a new multi-channel radio telephone transmitter at the Point Grey coastal radio station operated by it, and this new transmitter is now in service, together with a stand-by transmitter. Though at present the Point Grey station communicates with the rescue co-ordination centre by means of ordinary telephone circuits, the Department of National Defence is setting up a direct telephone circuit to be used exclusively for this purpose and other telephone circuits to enable the rescue co-ordination centre to communicate directly with the ships through our coastal radio station. The present transmitters and the new telephone circuits will, beyond any doubt, provide communication facilities for search and rescue far superior to the limited facility of the radio on the second narrows bridge and other facilities previously available.

To avoid the confusion that would result if several unco-ordinated agencies participated in search and rescue operations, it was decided by the authorities concerned with search and rescue—and not only by my

department—that the radio station on the second narrows bridge, which was established for the control of shipping passing the bridge, should, if it intercepted any distress signal, relay it to Point Grey radio station by land telephone, and thereupon the rescue co-ordination centre would exercise its responsibility for search and rescue and communicate with the vessel in distress through the coastal radio station.

So far as the question of financial assistance is concerned, I should like to say that this aspect of the matter is receiving careful consideration, and I hope it will be possible to announce the decision of the government at an early date.

The press report to which the hon. member referred attributed to a representative of the British Columbia towboat owners' association the statement that the fishing boat *Zorina* had recently sunk because of the decision or order as to the use of the radio station on the second narrows bridge. I am informed that the *Zorina* did not make use of the international distress frequency reserved exclusively for distress messages which command the help of any ship in a position to afford assistance, although the Point Grey coastal radio station made repeated attempts to communicate with it on that frequency.

BRIDGES

MONTREAL—SUGGESTED INDEPENDENT BOARD OF ENGINEERS RESPECTING VICTORIA BRIDGE

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to ask the Minister of Transport if and when his department, the St. Lawrence seaway authority and the C.N.R. will accept the suggestion of the city of Montreal and other municipalities of the metropolitan area and name a board of independent engineers to end the confusion created by the local lack of planning in regard to Victoria bridge on the St. Lawrence seaway.

Hon. George C. Marler (Minister of Transport): I would repudiate at once any suggestion that there was any confusion with regard to the planning of the seaway, and I would also repudiate any suggestion that the agencies of the federal government which come under the Department of Transport have not been fully cognizant of the problems of providing accommodation for highway traffic across the St. Lawrence river.

Additional facilities have already been provided on Victoria bridge; additional facilities have been provided on Jacques Cartier bridge, and the government last August announced its intention of building a third bridge across the river at Nun's island. When the municipal authorities and other authorities which have the primary responsibility for dealing with problems concerning automobile traffic have done as much, I will then be prepared to pay more attention to the criticism that has been forthcoming.

NATIONAL DEFENCE

INQUIRY AS TO REPORTED RESEARCH IN BRAIN-WASHING

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of National Defence, based on press reports appearing in Sunday's New York *Times* and this morning's *Gazette*. I should like to ask the minister why—and I find it difficult to believe that the Canadian government is doing this—

Some hon. Members: Question.

Mr. Fulton: I should like to ask the minister why the Canadian government is financing and encouraging, through the national research council, research in brain-washing.

Hon. R. O. Campney (Minister of National Defence): No research in that connection is being conducted at the present time and, so far as I know, none has been conducted since I became minister. I understand upon making inquiry that in 1951 and 1952 certain experiments were conducted at McGill University to see whether and to what extent men could be affected, short of the application of any physical duress, torture, or anything of that nature, by purely mental methods.

These experiments evolved from a theory held by one of the very learned professors at McGill, and some students at McGill volunteered their services. Certain experiments were made which demonstrated pretty conclusively, I understand, that purely by mental suggestion people could be reduced to a certain state of mind and that while in that state of mind you could get them to accept any suggestion and assert it as the truth. They became like some members of the opposition; they accepted anything and even believed it to be true. In any event, when the experiments were completed, which I think was in 1952 or early 1953, the exercise came to an end and there has been no further investigation since.

Mr. Fulton: May I then take it for granted, as appears to be obvious, that the results

of the research were made available to and were used by the Liberal government? Second, why was it that it was left to the Canadian parliament to learn of this experiment and research through reports of proceedings in a United States congressional committee?

Mr. Martin: They are more vigilant than the opposition perhaps.

Mr. MacDougall: Do you want to be a guinea pig?

Mr. Fulton: No; there are enough of them on your side, so I do not need to volunteer.

POST OFFICE DEPARTMENT

HAMILTON, ONT.—INQUIRY RESPECTING REINSTATEMENT OF LETTER CARRIER

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to address a question to the Postmaster General. In view of the fact that the misunderstanding with letter carrier Erskine in Hamilton apparently has now been ironed out and the department has agreed to pay him the overtime he claimed, will the Postmaster General say whether the department is also prepared to reimburse him for the four and a half days of lost time which he suffered by reason of his suspension?

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, I did not have notice of my hon. friend's question, but from what I recall of the facts the employee of the department to whom she referred was suspended for a breach of discipline, I believe, or for some other reason. The suspension was made in a regular manner and, as takes place when an employee is suspended, his salary was withheld. There is no intention of changing that decision.

Mrs. Fairclough: May I ask a further question of the Postmaster General? Will he look into this matter to determine that the suspension was made because of the very circumstances with respect to which the department has now admitted it was in error?

Mr. Lapointe: The department has never admitted anything of the sort. I have looked into the matter personally and I am satisfied that the report made to me was a true report of the facts of the case. The man was suspended for slowing down on the job. He was suspended for four days, I believe.

Mrs. Fairclough: He was suspended because he would not admit it.

Mr. Lapointe: My hon. friend may think she knows the facts better than I do, but I am telling her the result of the inquiry made by the investigators of the department whom I sent to Hamilton.

POSTAL SERVICE

SUTHERLAND, SASK.—REQUEST FOR MAIL DELIVERY SERVICE

On the orders of the day:

Mr. R. R. Knight (Saskatoon): I should like to ask the Postmaster General a question of which I sent him notice yesterday. In view of the recent amalgamation of the town of Sutherland with my own city of Saskatoon, has the minister considered mail delivery for that new section of the city? If so, what has been the result of such consideration?

Hon. Hugues Lapointe (Postmaster General): I take it that my hon. friend refers to letter carrier delivery. Consideration has been given to extending letter carrier delivery to Sutherland following its amalgamation with the city of Saskatoon. However, the situation is complicated by the fact that there is a considerable undeveloped and unbuilt area between the limits of the letter carrier service of the city of Saskatoon and the compactly developed section of Sutherland. However, the whole situation is under review at the present time.

EXTENSION OF MAIL DELIVERY TO REXDALE, ONT.

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a supplementary question to the Postmaster General. In view of the answer given to the hon. member for Saskatoon and the statement about the extension of metropolitan postal service, does that mean we may have letter carrier delivery to the Rexdale area, a very large area in Toronto, sooner than we were advised?

Hon. Hugues Lapointe (Postmaster General): There is no relationship between a situation that might exist in one particular area and any desire that might exist in the area referred to by my hon. friend, but the department is always conducting surveys of these fringe areas which lie close to large centres with a view to extending letter carrier service as soon as the circumstances permit.

IMMIGRATION

INCIDENT AT QUEBEC CITY—REFERENCE TO PRESS REPORT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Minister of Citizenship and

Inquiries of the Ministry

Immigration whether he is in a position to report to the house—and if so, whether he would so report—on the incident involving officials of his department at Quebec city which was the subject of an editorial in today's *Gazette* and which I believe was reported upon in the news columns yesterday.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I think this is a typical example of the kind of thing that is bound to happen once in a while when 50 million people cross the border both ways every year. I believe it falls within the ruling which you made the other day, Mr. Speaker.

Mr. Fulton: Mr. Speaker, of course we know that the minister does not like to be obliged to answer questions of this sort. If the minister will not answer that question, may I ask him whether he has decided to drop his persecution of Mrs. Ingall?

Mr. Pickersgill: Mr. Speaker, I have not decided to stop beating my wife.

INCOME TAX ACT

INQUIRY AS TO RESOLUTIONS PRECEDING AMENDMENT FORECAST IN BUDGET SPEECH

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Finance, who I do not believe ever did beat his wife. When will the minister be filing his budget resolutions having to do with amendments to the Income Tax Act?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, there are not very many, as a matter of fact, and I had thought I would be able to file them in two or three days' time, before we took them up. But if my hon. friend is thinking of proceeding on the present resolutions, may I say that I had intended to go on with the resolutions that appear in *Hansard* and then to allow a suitable time after I table the income tax resolutions before discussing them.

Mr. Knowles: As a supplementary question may I ask the minister whether the delay in filing these resolutions means that there will be any changes in them from the announcement made by the minister on the night he gave his budget speech?

Mr. Harris: Mr. Speaker, the usual secrecy obtains with respect to those resolutions.

Mr. Knowles: As a further supplementary question may I ask whether this house is not being called upon to debate a budget the full terms of which we do not yet know?

[Mr Fulton.]

Mr. Harris: No more than is customary in any budget, Mr. Speaker.

FLOODS

MANITOBA—REQUEST FOR COMPENSATION TO FARMERS IN INTERLAKE COUNTRY

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the Prime Minister. In view of the statement made recently by the premier of Manitoba to the effect that crop losses from floods are the responsibility of the federal government, what action does this government propose to take to compensate farmers in the interlake country of Manitoba for crop losses sustained in 1955?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not know of any such statement by the premier of Manitoba, nor do I admit there is any responsibility on the federal government for crop losses other than that responsibility which was established in a limited way by that act of parliament which is known as the Prairie Farm Assistance Act. The government does not propose to take any other action than to administer properly the provisions of the Prairie Farm Assistance Act.

Mr. Bryce: May I ask a supplementary question? Will the Prime Minister see to it that the people who have paid into the fund under the Prairie Farm Assistance Act and have never received any benefit, because the law says they cannot get any, will be given some recompense for what they have paid in under that act?

Mr. St. Laurent (Quebec East): I think the Prairie Farm Assistance Act is being administered according to its terms as determined by parliament.

Mr. Bryce: It should be changed.

INDUSTRIAL RELATIONS

PROVISION FOR CONTINUATION OF CERTIFICATION OF UNIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of the meeting that will be taking place in Toronto next week of the new Canadian Labour Congress, will the minister soon be in a position to answer my question of February 10 as to whether steps will be taken to make provision for the continuation of all certifications under the Industrial Relations and Disputes Investigation Act despite any changes in names arising out of the merger?

Hon. Milton F. Gregg (Minister of Labour): I shall try to bring in a report on that question this week.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 12, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, in continuing this debate on the budget I should like to state that in my opinion the budget presented to this house on March 20 by the Minister of Finance was one that, in view of present conditions, is responsible and economically sound. It may well be that it was not the budget that many people in Canada would have liked, but I think it is only human and understandable that people look forward to the budget with hopeful expectation that there will be some tax reduction, and that at the same time our economy will continue to boom. Upon reflection, however, I believe there are many people in this land who realize that the budget must not only deal with the wishes of the present but also with the needs of the future. Fancy must not be allowed to outrun wisdom.

I believe, too, that budgetary and monetary policies must be such as to curb inflation and at the same time create that climate which is conducive to our economic growth. Recent budgets have been such as to offer stabilizing controls, while at the same time gradually and effectively reducing taxes, particularly in the personal income tax field. The budget of 1955, described as courageous and optimistic at the time, did what it was designed to do. It gave to our economy the required boost and at the same time enunciated policies that were complementary to the confidence which Canadians have in the future of this country. The present budget is such that many will agree with the approach which it makes to the problems facing those who have the responsibility for their solution.

True it is that our Canadian economy is booming; true it is that people across this land recognize the future possibilities of the development of this country; but I believe, too, they are not unmindful of the many dangers that lurk in the path to progress. More and more money to buy less and less is not an ingredient of prosperity. Inflation can destroy the real aim of prosperity. I am sure that all across this land workers realize that their personal prosperity not only depends upon the size of their pay envelopes but also upon the capacity of those pay envelopes to provide for themselves and for their families the things that are required.

Plenty is not the product of money; plenty is the product of production, production in an atmosphere of prosperity and stability. I believe that as we look over the size of our national debt, the amount we have to pay for national defence, the cost of our social services, the increased payments for the civil service and the cost of the proposed hospital plan, we could not realistically expect major tax reductions at this time. But while there are no major tax reductions, there are tax reductions of some importance.

I should like to make a comparison between the taxes paid in 1955 by a Canadian whom I shall describe and the taxes paid by him in 1952 under similar conditions. Let us take a married taxpayer with two children and therefore having an apparent exemption of $2,300. If his income in 1952 was $2,500, then his taxable income was $200. In 1952 he paid $35 income tax. In 1955 he paid $28, a reduction of $7, or 20 per cent. If his income were $3,000, his taxable income was $700. In 1952 he paid $123. For the tax year 1955 he paid $98, a reduction of $25, or slightly over 20 per cent. If his income were $3,500 his taxable income would be $1,200. In 1952 he paid $215. For the year 1955 he paid $172, a reduction of $43, or 20 per cent. If his income were $4,000 his taxable income would be $1,700. In 1952 he paid $313. In 1955 he paid $252, a reduction of $61, or again approximately 20 per cent. If his salary were $4,500 his taxable income would be $2,200. In 1952 he paid $417. In 1955 his tax was $336, a reduction of $81, or 19 per cent. If his income were $5,000 his taxable income would be $2,700. In 1952 he paid $529. For the tax year 1955 he has paid, or will pay, $426, a reduction of $103, or again approximately 19 per cent. I submit that in the three years since 1952 personal income taxes have been reduced by approximately 20 per cent. This reduction has been for those in income brackets up to $5,000, which includes over 80 per cent of the taxpayers of Canada.

One asks, "What will happen next year? Will there be a tax reduction?" Yes, of course there will. There will not be a tax reduction due to the rate being lowered, but there will be a tax reduction because the reduction announced last year by the Minister of Finance will be operative for the whole year.

Taking the categories which I have just mentioned, if we were to carry out the calculations we would find that for the tax year 1956 the tax in the first bracket would be

reduced by another $2, making a total reduction since 1952 of 26 per cent. In the $3,000 class the reduction will again be 26 per cent from the year 1952, and so on up to incomes of $5,000. Again I submit that by the end of this year, when taxes will be paid for the tax year 1956, personal income taxes will have been reduced by approximately 25 per cent of the tax paid in the year 1952.

I should now like to make a few remarks with reference to regional development, citing a case from my own riding. There are indeed many factors upon which substantial tax reductions would have to depend, and not the least of these is a continuing rise in our national productivity. In an economy such as ours, efforts to increase our national productivity are left largely to the initiative and drive inherent in the free enterprise system, but at the same time subject to the checks and balances dictated by current conditions. In certain areas conditions are such as to attract private enterprise, and very often there is sufficient economic fertility to sustain and maintain industries which are thriving and prosperous. In other areas the economic climate is not so conducive either to new development or to the expansion of the development already existing, not because the potential is not present but because of changing conditions over which the residents of the area have no control.

May I draw for you a mental picture. Imagine for a moment the west coast of Newfoundland as a line running approximately northeast 300 miles long. Beginning from the southern extremity of this line and going northeast for about 100 miles, there is a parcel of land shaped like an equilateral triangle with its base running due east and west. If the base of this triangle is produced to connect this parcel of land with the mainland of Newfoundland you have what is known in Newfoundland as the Port au Port peninsula.

Years ago this area could have been described as having a farming-fishing economy. During the 1930's the commission government endeavoured to increase the productivity of this area by initiating a scheme of land settlement. In this area, and on the mainland island, there are 30 settlements, including two or three larger settlements and the very progressive town of Stephenville. The population of this area totals over 10,000.

Time was when there was a most prosperous scallop industry in Port au Port. This industry was still thriving in the early 1940's, when under the agreement between the United Kingdom and the United States a very large air force base was built on the outskirts of Stephenville. Over the years the construction program which has been carried on there has provided a large amount of employment for the residents of the area. Since 1949 large draggers have been coming into Port au Port and the scallop beds have been depleted. Today the construction program at Harmon air force base is gradually nearing completion, and there is a fear on the part of some of us that there will be an increase in unemployment in the area.

People feel that there is no reason why there should be unemployment in this area. I believe that with the proper governmental action we could have in the Port au Port area and the offshore limits a greatly improved fishing industry. The proper action would give a boost to the decreasing regional economy and would begin a development which with the present potential would create one of the finest fishing centres on the Atlantic seaboard.

I mention this, first because it is important in my own riding and, second, because I believe in the full development of this land which we call Canada. Sometimes I think of confederation as an experiment in faith. It is an experiment in the faith that people of different racial backgrounds, of different languages, of different creeds, of different physical backgrounds, of different needs and with different problems can by a common aspiration weld unity out of those diversities. I believe the experiment will be successful, but I believe it will be successful only when the development of each area can be raised to that level which is limited only by the extent of the natural resources with which the area has been endowed.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, in taking part in the budget debate this afternoon I shall not have very much to say about the budget itself. I make no apology for that, because I have made it a rule which I have tried to follow in this house not to talk, at any rate at any length, about nothing. If I were to be compelled to talk about the budget I would be compelled to break that rule, because never in the history of this parliament since I have been here, and I believe never in the history of the country, have we had a budget so empty, so negative in its approach and so lacking in solutions or even suggestions of solutions for the many pressing problems which confront the Canadian economy.

But I do intend to talk this afternoon about a basic issue, an issue upon which the budget is completely silent, an issue which I believe is the fundamental issue facing Canada today.

It calls for a solution, and it requires government action which would follow from a policy decision which it is imperative to make. I refer to the issue presented by the increasing measure of control and domination of the Canadian economy by United States interests. In no sphere is the government so derelict in its duty to give a lead, to reach a decision and then take the necessary action to remedy the situation as it is in this particular sphere.

The present trend which we see unfolding before us in Canada is a trend which, if allowed to continue, will lead to complete outside domination, certainly of the more important segments of our economy, and probably of all the important segments of our economy. I state as a fact that if this process is allowed to continue, and if it is carried to its logical and ultimate conclusion, the seriousness of the situation will be revealed. History shows us that economic domination, if not resisted, if not altered, inevitably leads by a process of absorption to ultimate political domination as well. So the trend we now see unrolling before us in Canada, as we analyse the situation, and the lack of action on the part of this government to deal with it, is a trend which evokes the most stringent criticism of the government because it results in developments which work to the detriment of Canadian workmen, which work to the detriment of Canadian business and which in the long run must inevitably work to the detriment of Canadian political integrity itself.

I intend in the course of my remarks, if time permits, to suggest some measures which can and should be taken—measures, it is true, which would involve some difficulty, but all these important matters involve the making of difficult but essential decisions. I do not for a moment suggest that the decisions and the implementation of the policy behind those decisions will not be beset with some difficulties, but I do intend now or on another occasion to suggest some measures which can and should be taken to remedy the situation and to halt the trend that we see developing before our eyes.

Before coming to the main subject of my remarks this afternoon I should like to suggest that this matter should be examined in the light of the background which is presented today. There are two particular features of that background that I intend to mention. The first is the background presented by the speech made in Vancouver yesterday by the retiring United States ambassador, Mr. Douglas Stuart, and the second is the picture painted by a booklet released at the beginning of this month by the dominion bureau of statistics, entitled "Canada's International Investment Position, 1926 to 1954."

To deal first with the extraordinary and unprecedented statement made yesterday by the United States ambassador, Mr. Stuart, I would say that it seems to me that his speech and the implications of that speech present in the clearest possible light a measure of the seriousness of the situation we now face. We have here an unprecedented example of conduct on the part of a man whom we have always regarded as a responsible and friendly man, a man who has had many friendly relations with Canadians at all levels, governmental, political, business and in the sphere of the general community. The fact that this responsible and friendly man, this ambassador of a friendly country, would intervene directly in an issue which is now being discussed as a domestic issue in Canada, is itself a measure of the seriousness of the situation. That he would regard it as his right and his duty to do so shows how far things have gone along the line of acceptance of American domination, and how far the relationship between our two countries has progressed that it would lead this man to believe that he had the right to intervene in domestic affairs in Canada in this way.

I was and am amazed that he could do so. I am extremely disturbed that he should do so. I am reluctant, I am almost unwilling, to believe that matters have got to the point between our two governments that it would have been suggested to him by his own government that he should thus intervene. I find it, therefore, extremely difficult to believe that his remarks were inspired from Washington, and that leaves me with the assumption, of necessity, that his remarks must have been inspired from Ottawa. This conclusion is the more compelling because we have this situation; that with a domestic controversy going on here, a fundamental difference of political opinion between the government and the opposition, a matter obviously reserved to discussion and decision here in parliament, we have the United States ambassador going to Vancouver expressing exactly the sort of criticism which the government is expressing, in an attempt to becloud the issue and misrepresent the stand the official opposition is taking. It seems to me that this must be regarded as the action of a government here in Ottawa which has so debauched Canadian politics that it uses the United States ambassador as a tool to advance its own political interests.

Mr. Philpott: What about the magazine tax?

Mr. Fulton: If the government deny this—and I do not hear any hot denial springing to their lips—and whether they deny or not—

Mr. Pearson: It is too ridiculous.

Mr. Fulton: —the fact that the United States ambassador would intervene in the discussion of a domestic issue is a measure of the seriousness of the situation, the seriousness of the pass to which we have been brought, and an indication of the urgent necessity of taking action to end the trend. It illustrates more clearly than anything else could illustrate that things have arrived at such a point that the United States government, if we are to believe that this speech represents their views, would see nothing extraordinary, would see no reason for concern by Canadians—according to the ambassador's remarks—when they wake up to a realization of the extent to which the control of the Canadian economy has passed into United States hands. That is what the United States ambassador was saying. His words are as follows—I am reading from the *Globe and Mail* of this morning:

"The problem of alleged domination by U.S. capital—"

Alleged domination, mind you.

—of Canadian industry and natural resources is in some respects unique," Mr. Stuart said. "It is general rather than specific, it is being discussed emotionally perhaps more than logically,—

An hon. Member: Hear, hear.

Mr. Fulton: His master's voice. Do I understand that the hon. gentlemen opposite accept the suggestion that they have inspired these remarks? He goes on:

"—it is being discussed emotionally perhaps more than logically, it is one for which some of those who raise it do not appear to be seeking a solution but rather the creation of an issue."

That, of course, is exactly the attitude of the government, which refuses, in keeping with the traditional Liberal attitude, to see any issue involved in the domination of the Canadian economy by United States interests. It has got to the point that the United States ambassador, the emissary from the government at Washington, says he finds it extraordinary that Canadians should be concerned over the extent to which this development has been taking place. He finds it extraordinary that Canadians should be concerned when they awake to the realization that nearly 50 per cent of their manufacturing industry is under the control of United States interests, that over 50 per cent of their mining industry is under the control of United States capital, and that nearly 70 per cent of their petroleum industry is under the control of United States capital. He finds it extraordinary that we should be concerned about these developments. The article continues:

Mr. Stuart suggested that some of the phrases and questions emanating from those critical of U.S. investment in Canada are being used deliberately to create a maximum of suspicion and rasp the pride and self-respect of any Canadian—and risk, for sometimes selfish motives, the raising of a barrier between the two countries.

The *Globe and Mail* article reporting his speech goes on to say:

Recalling a recent speech by a person he described as a prominent Canadian, Mr. Stuart said, "This speaker had warned, in a somewhat emotional appeal, that we are not going to be treated as though we were the 50th state of the United States . . . We are not going to be hewers of wood, drawers of water, and diggers of holes for any other country, no matter how friendly that country may be."

In the same speech, Mr. Stuart continued, the speaker readily conceded that investment from the United States and elsewhere has been largely responsible for the pace of Canadian expansion within these past few years.

We have no quarrel with Mr. Stuart that Canada is dependent in large degree upon outside capital for help in the development of our resources. We and the prominent Canadian to whom it is apparent that Mr. Stuart was referring, and whom we know and respect as the Leader of the Opposition, have always recognized that it is essential to have outside capital to help in the development of our resources and have in fact taken positive steps to encourage and support that trend. But the fundamental difference between ourselves and the government and apparently the fundamental difference between ourselves and Mr. Stuart is that we say that the processing must take place under Canadian control, Canadian regulation and in the interests of the Canadian economy and development rather than that of the United States.

There, of course, there is a fundamental difference; and there, of course, we are entitled to say that when a United States ambassador states that he finds it extraordinary and believes there should be no concern on the part of Canadians that in fact our resources have passed from under our own control he is, of course, illustrating the seriousness of the situation and demonstrating positively that this is the feeling of his government and of the government here, which does not quarrel with his statements and is espousing a policy which is diametrically opposed to the best interests of Canada.

Since the speech of this gentleman has raised, by its direct intervention in the discussion of Canadian domestic affairs, the question of the attitude and position of this party, let me say at once in order to set the record straight that never has our leader

or the party which he leads suggested at any time that anything should be done in Canada to discourage the investment of United States or any other capital in Canada to assist us in the development of our resources. In fact we have encouraged it and say it should be encouraged. We say that as the result of such investment they should share in the benefits and advantages we will receive but that the direction, policy, control and a share of the advantages should be reserved for the benefit of Canada.

I have but to remind the house and you, sir, of the record of my leader in this regard when he was premier of Ontario and when, as a result of the actions he took as premier, he was successful in having invested in Ontario some quarter of a billion dollars of United States capital to the advantage of the economy of that province, particularly in the northern and hitherto undeveloped areas, and was almost exclusively responsible for the tremendous development in the pulp and paper industry, the erection of those huge plants in northern Ontario under Canadian direction and regulation, contributing advantages and benefits to the Canadian economy which were shared by the Americans on terms which the Americans were glad and happy to accept.

That is the policy which we adopt here. I should like to read into the record a press release issued today by the leader of this party, in order to contrast the policy of our leader as I have outlined it and as set forth in this press release with the sort of statements Mr. Stuart and his government have been making. This is a press release issued today, April 17, by the Leader of the Opposition (Mr. Drew), and it reads as follows:

> It is unfortunate indeed that Mr. Stuart, whom we had all regarded so highly as such an understanding friend of Canada, should have chosen to give as his farewell message so inaccurate an interpretation of Canadian sentiment toward investors from the United States. So far as I am aware, no responsible Canadian has suggested that we do not welcome such investment. Many have urged, however, and will continue to urge, that the Canadian government take appropriate steps to encourage Canadian industry to process a larger proportion of our raw materials for the employment of a greater number of Canadians here in Canada. That is something very different from the interpretation given to quotations which have been removed from their context and their meaning.

I should also like to set alongside that, as a proper statement of the attitude which should prevail in Canada and in contrast with the sentiments expressed by the United States ambassador, some extracts from an editorial which appeared in the April 14 issue of *Business Week*, one of the most influential of United States magazines. This editorial establishes clearly that thoughtful Americans and thoughtful American industrialists recognize that Canada has justifiable cause to be concerned about the trend which is now taking place, of the passage of control of substantial segments of the Canadian economy directly into the hands of United States interests. The editorial has this to say:

> When two nations are so deeply involved in each other's economic and political destinies, and when one of the two is larger and wealthier than the other, occasions for conflict will never be lacking. At present, Canada has a long list of concerns about the United States, including:
>
> Heavy United States investment in and control over a significant portion of Canada's oil, mining and manufacturing industries. Fear that United States interests may gain control of the proposed trans-Canada gas pipe line is a particular irritant.
>
> United States tariff and customs policies, which Canadians feel discriminate against their processed and manufactured goods and which worsen Canada's chronic imbalance in her trade with us.
>
> The United States way of disposing of surplus farm commodities . . .

Then I am omitting some words.

> The enormous flow to Canada of United States consumer goods, movies and publications . . .
>
> United States unwillingness to be limited by provisions of a 1909 treaty in the dispute with Canada over access to hydro power on the Columbia river. Canadians say we accepted these provisions so long as they worked in our favour but now want to ignore them when they seem to give Canada an advantage.

I express the hope that in the forthcoming negotiations forecast by the Prime Minister, Canada will do nothing to retreat from or to sabotage the position adopted on behalf of this country under which we stand firm on article 2 of that treaty which now works to our advantage and without which we would be unable to develop the tremendous potential hydro resource of the Columbia river. Then the editorial goes on to say:

> We don't expect those Canadian grievances that have a real basis to evaporate. Nor do we deny Canada the right to regulate its own affairs, even when we doubt the wisdom of the methods it chooses.

Finally they say:

> We won't attempt here to judge the merits of the specific Canadian grievances against us. All we want to emphasize now is our hope that the grievances will stay specific, will not degenerate into that emotion which could more properly be called "anti-American". We both have too much at stake in our partnership to endanger it by a general and irrational hostility.

With that last sentiment we here in this party in the official opposition thoroughly agree. We have specific causes for concern, and it is those specific matters which we wish to discuss and upon which we wish to see the government take specific action. Instead of washing their linen over the back fence by speeches made by the minister in Chicago and in other places which can have

no good purpose, we wish to see these problems resolved by specific decisions by the Canadian government within our own jurisdiction and proper to our own political integrity and independence. We wish to see action taken so the development of Canada can remain under Canadian control and be carried on in the interests of Canada generally. I therefore ask you, Mr. Speaker, to contrast that responsible and thoughtful editorial, which was a proper statement of the position, with the complete and deliberate misrepresentation—I must unfortunately describe it as that—made by the retiring United States ambassador.

I suggest there should also be a contrast between the timorous attitude of this government—that you cannot take any measures that will insist on Canadian regulation, direction and control of our resources because it may hurt or offend United States investors—with the attitude of responsible American commentators and businessmen who say they would be willing to accept proper Canadian policies and actions designed to preserve the integrity of the Canadian economy and to ensure that it would be under Canadian direction, and that they would be willing to invest in Canada subject to those conditions. All I can say there is that the timorous attitude of this government and its refusal to take the necessary action contrasts ill with the realistic and friendly approach of responsible American businessmen themselves.

I should now like to turn to the second feature of the background of the situation as contained in the dominion bureau of statistics release. It is going to be necessary for me to place several quotations on record from their introductory comments, which are based upon the statistical tables which they have themselves compiled. This is the result of a survey of Canada's international investment position from the year 1926 to the year 1954. On page 9 they say this:

> Non-resident ownership of Canadian manufacturing now amounts to about a half of the total capital employed and to well over a half in the case of mining, smelting and petroleum. These proportions of ownership have risen rapidly since 1948 as shown in statement 18. Likewise the proportions of these Canadian industries which are controlled abroad have been increasing even more as shown in statement 19.

Then they point out that there is a significant change in the trend, and that while it is true that in the over-all picture Canadian investment now represents a larger proportion of the total capital invested in Canada than was the case in the past, Canadian investment in what they describe as the dynamic field of development is in fact shrinking whereas the Canadian investment that is increasing is in the more static fields of residential property and related fields. They say:

> The nature and distribution of Canadian savings and the opportunities open for individual and public investment have had the effect of concentrating much of Canadian investment in less dynamic forms than some of the investments by non-resident concerns . . .

Then again on page 10 we find this:

> A highly significant aspect of the rapidly increasing foreign investments in Canada is their concentration in direct investments in Canadian industry which carry with them control and ownership of equities in areas of Canadian mining and industrial production undergoing accelerated Canadian development. In the field of industry which includes manufacturing, mining and petroleum non-resident controlled companies represent more than half of the estimated total capital invested. In manufacturing alone excluding petroleum refining, the non-resident controlled portion in 1953 was some 47 per cent, and in petroleum 70 per cent, and in other mining 55 per cent.

Let me emphasize the words "non-resident controlled." Finally they say this:

> Most of these concerns were controlled in the United States.

Again on page 13 they say:

> And the form has also changed, more now being for direct investment in economic development while less represents investment in new issues of bonds than in the 1920's.

There they are again emphasizing the fact that the form of American investment is now in equity capital giving direct control rather than in the borrowed capital which would be more by way of pure assistance. Then at page 25 they give the number of foreign-controlled concerns, which in 1954 amounted to 3,361. Finally I would direct attention particularly to the table found at page 84 which shows that in 1953 less than one-third of the petroleum companies operating in Canada were controlled in Canada and that more than two-thirds were controlled in the United States.

That is the background, and it establishes two things; first, things have got to the point that the American ambassador thinks it proper to intervene in Canadian domestic issues, and finds it extraordinary that Canadians should be concerned over the extent of American control; second, the figures contained in this bureau of statistics survey which show that in manufacturing, mining and petroleum, which are the three areas of most rapid development in Canada, from one-half to two-thirds is now under American control. It is with that background that we must assess the situation and on the basis of which we charge the government with most serious dereliction of duty.

Mr. Speaker, it is perhaps not surprising that the government should be open to this charge because, after all, they are but continuing in the present the pattern which they

have followed over many years. Let us look at that pattern for a moment. I should like to spend rather more time than I have at my disposal in tracing the pattern of American thought and their attitude toward this problem, not on the basis of hostility to them but because I believe it is essential to take a calm and dispassionate look at the trends which are revealed by the developments of history.

It is a fact that the Americans have, by and large over the years, almost unconsciously adopted the attitude that the North American continent belongs to them. They are friendly with us; they want to see us co-operate, but always in the back of their minds has been the thought—and I believe it is still there—that by some sort of predestination they are ordained to be the controlling factor forever. That is not just by virtue of their position south of the 49th parallel, but by extension of their influence, directly and indirectly, north of the 49th parallel. They believe that they are to control the North American continent.

We have seen in the past the attempts they have made to control Canada. There were military attempts starting back with the raiding parties in the days of the American revolution. Then there was the war of 1812, when they made an attempt at military conquest. There were the Fenian raids of the 1850's and 1860's. Then having abandoned military attempts, they undertook political attempts. We from the west remember the slogan "54-40 or fight". Had it not been for those who believed in the preservation of a Canadian nation north of the 49th parallel, British Columbia as it now exists and parts of the other provinces would be part of the United States.

Then there followed exertions and activities in the economic sphere. There were attempts looking toward commercial union in the 1880's. There was the attempt by blackmail to acquire control of the Canadian Pacific Railway. One has only to read that chapter of Creighton's recent biography of Sir John A. Macdonald to appreciate that the Americans, knowing a good thing when they saw one, were attempting to gain control of the Canadian Pacific Railway and resorted even to blackmail in an attempt to do it. In spite of the efforts by the party of which my hon. friends opposite are the successors to hand over the control of that great enterprise to the United States, it was Sir John A. Macdonald and his dedication to the idea of a Canadian nation that was successful eventually in resisting these economic attempts, which even resorted to blackmail.

There are some interesting bits of history in this connection. I should like to place before the house some quotations which one finds in a very excellent book compiled by Mr. Hamilton of our own library staff, entitled "Canadian Quotations and Phrases". On page 3 of that book one finds the following quotation:

> All Americans are unfortunately possessed with a vague notion that Canada is somehow or other to fall into their hands without a war.

These words were spoken by Henry S. Fox, the British minister to Washington in November, 1838.

Coming a little more up to date, on page 4 we find this:

> Nobody who has studied the peculiar methods by which elections are won in Canada—

I ask my hon. friends opposite to consider this and its implications.

> —will deny the fact that five or six million dollars, judiciously expended . . . would secure the return to parliament of a majority pledged to the annexation of Canada to the United States.

This quotation was taken from the New York *World* of 1890.

On the same page we find this quotation:

> I am for it (the Reciprocity agreement) because I hope to see the day when the American flag will float over every square foot of the British North American possessions clear to the north pole.

This statement was made by Champ Clark, Speaker of the House of Representatives in Washington in 1911.

It is not strange, Mr. Speaker, that the Liberal party here which contemplated commercial union in the 1880's and reciprocity in 1911 should now view with equanimity the process in 1956 whereby the United States will take us over through economic control, without having to traverse any obstacles whatever. That is the danger, unless the trend is checked and reversed, which requires a fundamental decision and positive government action.

One might come a bit closer to home, to our own political history, and refer to a quotation from Sir Wilfrid Laurier found on page 25 of this book as an indication of the attitude of the party opposite. Remember this was in the context of 1891, when we had not yet developed a full sense of Canadian nationality. This is the quotation:

> I am a subject of the British crown, but whenever I have to choose between the interests of England and Canada it is manifest to me that the interests of my country are identical with those of the United States of America.

This was from a speech by Sir Wilfrid Laurier delivered in Boston in 1891. Here is a final quotation from Sir Wilfrid, found on page 230:

> We are living beside a great neighbour who, I believe I can say without being deemed unfriendly

to them, are very grasping in their national acts, and who are determined upon every occasion to get the best in any agreement which they make.

That is looking back into history and that is the attitude honestly and conscientiously adopted by my hon. friends opposite, and it is the policy which we see revealed today in their attempts to discredit those who say that the Canadian government must make the simple fundamental decision which will have the result that control of the Canadian economy and the direction of Canadian development is going to remain in Canadian hands.

There are many other contrasts which I should like to draw between the attitude of the government as we see it now, as it unfolds before our eyes, and the attitude which should be adopted. As one of the most outstanding events, I should like to refer to the historical position of this party as revealed in connection with the Canadian Pacific Railway. During the 1870's and 1880's when this country was faced with the superhuman task of building a railway to unite Canada and start a nation north of the 49th parallel, there was only one place to go to get the capital. We did go to the foreign capital markets of London and, to a lesser extent, New York. Today we recognize, as I have said, that for Canadian development to take place at the pace we would like to see it take place, we must invite and welcome outside capital. But in those days the Canadian government did not hesitate to say, "You may come in; you are welcome and you can share in the advantages and benefits, but you will remain under Canadian control."

I have referred to the attempt, even going so far as blackmail, by the United States to get control of the Canadian Pacific, which we resisted. In 1881 when the statute incorporating the Canadian Pacific Railway was passed there was written into that statute a provision that the majority of the directors, of whom the president shall be one, shall be British subjects. Bearing in mind the historical and political realities of that day, there being no such thing as a Canadian citizen, that was equivalent to saying that the majority should be Canadian and the majority of the directors of the Canadian Pacific Railway have been and are to this day Canadian. As a result of that simple decision made in 1881 the policy, control and direction of that company remains responsive to and primarily concerned with, the interests of Canada and not any foreign country. This government refuses steadfastly, stubbornly, narrowly and unimaginatively to take such simple measures.

There is, I think, another matter which should be borne in mind. We look at things that have happened in other countries, and we sometimes offhandedly dismiss countries such as Mexico and the Argentine as being somewhat less stable than our own. But remember these countries woke up one day to realize that the control of vital segments of their economy had passed entirely into foreign hands. They were left with two simple alternatives; one, to accept the inevitable consequence which would be eventual political domination as well by outside interests; the other, to take some action to deal with it. What action was left open to them? There was only the extreme, violent and nationalistic action of expropriation.

We all remember when Mexico expropriated the tremendous oil industry, which at that time was virtually a United States monopoly in that country. We must take thought of these matters in Canada. We must not allow the situation to develop to the point where we wake up suddenly one day to find that is the only recourse that is left open to us, either political annexation as the inevitable consequence or some drastic, violent action which we would not like to contemplate upon sober reflection.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but it is my duty to advise him his time has expired.

Mr. Fulton: I might just say it is for these reasons that we say this issue must be faced now and the government must accept its responsibility.

(Translation):

Mr. J. E. Lefrançois (Laurier): Mr. Speaker, in December 1952, I addressed this house saying that I was satisfied that the government would, in due course, take steps to introduce a health insurance scheme.

I am happy to see that the first steps have now been taken, and that, if the provinces are ready to co-operate, our people may soon benefit from such a program.

Yet, what I said in 1952 remains true. Before accepting a health insurance scheme, there would have to be more and larger hospitals, sanatoriums and similar institutions. Before allowing a large number of citizens to enter these institutions, there would have to be more space and the necessary equipment.

Since then, the government has made considerable progress. I myself know all grants that have been made to hospitals in the province of Quebec, and more particularly to those in Montreal, during the past few years. And again very recently, the government awarded Notre Dame hospital, in Montreal, a grant of $1,400,000.

The general public is perhaps not always aware that, each year, the government pays out millions to the hospitals of the various provinces.

This is probably due to the fact that these grants are not surrounded by election talk, as it is done in other quarters. The federal government is decent enough not to have any underlying political motives when it is granting those subsidies. There are no strings attached to these grants with regard to the choice of such and such contractor, architect or engineer, a practice to which we have become accustomed in a certain province. I think the government is to be commended in this respect.

Unfortunately, some people are seen to take advantage from a moderation that is all to the government's credit, creating the general impression that the construction of these hospitals or the enlargement of existing facilities is entirely due to them.

It is therefore to be hoped that this discretion on the part of the government is not such as to help his opponents and does not become a political argument that they could use against it.

I was very pleased to see the government provide a pension for the disabled. I am convinced that, in this field, this is just a beginning and that the legislation setting up this pension will be gradually improved so as to increase the number of disabled people who can take advantage of it.

I am happy also to notice that bilingualism is making substantial progress in this house as well as in this country as a whole. We must however work relentlessly to make bilingualism a general practice in this country. Much is left to be done. National unity, however, can only be achieved on such a basis.

Until the time when every member in this house is able to use both languages with equal ease, I suggest that it is necessary for everyone to have a full understanding of parliamentary debates and for that purpose a simultaneous translation system should be established as soon as possible.

In December 1952 I had expressed the wish that this system be established. I hope that before too long the necessary equipment will be installed in the house.

We have just finished discussing the budget. I wish to avail myself of this opportunity to congratulate the Minister of Finance (Mr. Harris) for having managed to balance his budget in spite of the ever increasing demands facing the government.

In the field of taxation, I hope that the last plan submitted to the provinces will ultimately result in some tax relief. At least indirectly. A few years ago, the government of one province introduced a provincial tax which, according to its allegations, was supposed to bring in $25 million a year. It was said then, to justify that new provincial tax, that the province did not get its share of revenue.

Under the new plan that province, without signing any agreement, will receive almost twice the amount she anticipated from the provincial tax. It would therefore be in order to drop that provincial tax and thus relieve the population of that province from that burden.

As far as the federal income tax is concerned, I hope that a deduction of 5 per cent of the taxable income will soon be allowed, without the necessity of producing a receipt for gifts to charitable institutions.

I believe indeed that, as a general rule, few people in this country, as taxpayers, contribute less than 5 per cent of their income to charity.

I do not mean thereby to deny to those who donate more, the provisions of the act as it now stands, allowing deductions up to 10 per cent of the taxable income on production of receipts. In other words, I hope the act will authorize all taxpayers to deduct automatically 5 per cent of their taxable income without receipts. If, on the other hand, taxpayers who contribute more wish to deduct the full amount of their donations up to 10 per cent of their taxable income, they should be able to continue to do so, provided however that they submit receipts for the full amount of their deductions with their return.

I believe that system would be fair to all and would spare, to income tax services as well as to those who have to issue receipts, the great complications involved in the present system.

Mr. Speaker, may I be allowed, in conclusion, to express the respect and admiration of my constituents for the members of the cabinet, this magnificent team which, under a true leader, the right hon. Prime Minister, presides with such obvious success over the destinies of our country.

The development this country is undergoing at the present time is without precedent in its history. Never before have Canadians enjoyed such a high standard of living, never before has this country been more powerful nor more respected and esteemed.

The more we move through the chapters of the history being written at this time the more grand and glorious becomes the title

of Canadian. Every day brings new reasons to boast of this title and to feel how good it is to live in a wonderful country such as ours.

So let us stop sometimes and think that these last pages of history have been written at the dictation of our present Prime Minister, the Right Hon. Louis St. Laurent.

(Text):

Mr. G. H. Castleden (Yorkton): Mr. Speaker, it is my intention this afternoon to deal with two aspects of the present situation in Canada with regard to our budget, and to mention the things that are in a very real way affecting, not only the Canadian people of today very greatly but will have, I believe, an even greater effect on the Canada of tomorrow.

The budget which was brought down in the house a few weeks ago showed that we were continuing to tax the Canadian people to the extent of about $4 billion a year on an increased national gross product, and that we intend to expend under that budget almost $2 billion for national defence.

The members of the House of Commons have termed this budget a "do nothing" budget and I think rightly so, because the serious defects of the budget of a year ago have not been rectified in this one, and the same glaring shortcomings in Canada's part in the international picture and in the pursuit of peace in the world are not being made effective. I refer to the fact that Canada expends almost $2 billion, or almost half her total tax revenue, on national defence, on guided missiles, jet planes and the most modern weapons of warfare. In its effort to promote peace in the western world Canada provides a miserable pittance of about $30 million for such things as the Colombo plan and economic aid. This country spends almost $1,700 million on national defence and only one-sixtieth of that amount on economic aid. Under such circumstances Canada is not pulling her weight or doing her part in trying to establish peace in the world.

Here is a Canada overburdened with surpluses, unable to use our potential production to provide the things the world needs so much and which could be used to such great advantage in bringing peace to the world, in helping backward areas of the world and feeding nations which are hungry, nations which tomorrow will decide whether the western world and western ideas of democracy shall succeed. The government says nothing about this in the budget; therefore I submit it can properly be termed a do-nothing budget.

Surely our attitude toward the world situation should not be so pagan and outworn as to believe that we are going to conquer the world or win it to our way of life, with a show of strength or of apparent superiority; that fear is going to cause these people to look up to us and say that democracy as exemplified by the west is the best for the world.

Is there a country with a greater potential for helping the world toward democracy? We could not only help the world abroad, we could help our own economy. We could help to balance our own Canadian economy and provide some economic security to those people in our midst who are trying to do their bit by producing food, grain, meat and other things which the world needs so badly. Here is this government with one of the largest surpluses we have ever had. The Minister of Finance boasts about the great surplus that he has provided for Canada at this time.

Mr. Harris: I did not boast at all about it; I reported it.

Mr. Castleden: That is splendid. I wonder if the minister should have reported the fact that he might have used one or two of those millions to pay a little interest on some advances that might have been made to those people in the prairie regions who produced so abundantly last year in the form of the finest crop of the best quality grain even produced. The world needs that food. That food is needed to establish peace. It is needed to win people toward our economic way of life. A few million dollars to pay the interest on some advances that might have been made to them is refused to those people; yet in the face of that situation the people on the prairies have to listen to constant reports of a great boom, of the great boost in our national productivity. As far as the people in that part of Canada are concerned, it is a do-nothing budget.

Perhaps we are making friends of the industrial people of Canada, if we are making friends of those allies who believe in this great show of military strength—and perhaps we are—but I can assure this government that we are not making friends of the people of Asia, the people of Indonesia, the people of India and the people of Africa. Canada is rapidly losing her right to stand up in the United Nations and other places in the world and say, "This is the way to peace, this is what we have for humanity, this is what we can do for the world." She is in a position in which she might have done so much.

There is another field about which I intend to speak this afternoon. Following the hon. member for Kamloops, I want to congratulate him upon his statement as to the position in which Canada finds itself today and the trend which is rapidly becoming more and more manifest, where the Canadian industrial economy is rapidly being taken over. It is rapidly passing completely out of the control of Canadian people and into the hands of the big industrial capitalists of the United States. Those people are finding it more and more profitable to invest in Canadian development, not merely as a matter of return in the way of interest on their investment but for the purpose of getting control of Canada's industry. That is a situation which should cause every Canadian to pause and think.

Not only are they getting control of our industrial expansion, they are getting control of Canadian natural resources. Those natural resources do not belong to the Canadians of today and they do not belong to the government which has been elected by the Canadian people, no matter what may be its majority, no matter how many followers there may be who toe the line and vote for government measures as is being done today by representatives on the Liberal side of the house.

In 1953 several hon. members on this side of the house, including myself, pointed out the possibility of this nation becoming dangerously dependent upon the great and wealthy giant with whom we share this continent. The increase in United States investment in Canadian industrial concerns caused us to say that, but today the increase in United States control of Canadian business, Canadian industry and Canadian resources is a matter of serious concern to every Canadian, or it should be. The fact is that in Canadian oil, chemicals, automobiles, rubber and electrical apparatus United States industrialists have majority control. That is a fact which faces the Canadian people today in a most alarming way.

The hon. member for Kamloops referred to "Canada's International Investment Position 1926-1954", a recent publication of the dominion bureau of statistics, which gives some very important and alarming facts which should be brought to the attention of the Canadian people so they may know what is actually happening. I should like to quote from page 9, as follows:

> The importance of foreign capital to Canadian development has been an outstanding characteristic of Canadian economic history. In turn Canadian development has been a leading influence on the form and course which non-resident investments have taken. Much of this growth has recently been occurring in investments in Canadian equities which in many cases are accompanied by control.

The danger is that these companies are getting control of Canadian industry to the point where Canadian interests might be very seriously impaired. It goes on:

> Non-resident ownership of Canadian manufacturing now amounts to about a half of the total capital employed and to well over a half in the case of mining, smelting and petroleum.

There are two kinds of investment, and this publication gives a fine review of them. It very wisely points out the importance of what it calls portfolio investment, which merely means a capital investment in the stocks of companies but usually does not include the control of the business operations or the control of natural resources. Portfolio investments are not much of a danger to Canada. I maintain that under the system under which we live perhaps they are an advantage and could help Canada or any new country develop its resources. But there is a vast difference between that type of investment and the control by purchasing power or the taking over of industry and putting it in the hands of industrial groups who do not live in Canada, who live in a country which in many respects is our competitor for world markets. This publication goes on:

> A highly significant aspect of the rapidly increasing foreign investments in Canada is their concentration in direct investments in Canadian industry which carry with them control and ownership of equities in areas of Canadian mining and industrial production undergoing accelerated Canadian development. In the field of industry which includes manufacturing, mining and petroleum non-resident controlled companies represent more than half of the estimated total capital invested. In manufacturing alone excluding petroleum refining, the non-resident controlled portion in 1953 was some 47 per cent, and in petroleum 70 per cent, and in other mining 55 per cent.
>
> Most of these concerns were controlled in the United States. There is a substantial concentration in a relatively small number of concerns. In the field of manufacturing some 25 United States controlled concerns with aggregate investments of more than $25 million each accounted for much more than half of the investment in United States controlled establishments.

Again on page 17 they point out the great difference between the per capita control of Canadian assets and foreign assets:

> . . . in 1954 Canada's external assets (including gold as an external asset) amounted to about $449 per capita, or about $58 per capita more than in the case of the United States. But Canadian liabilities of $883 per capita were in striking contrast to the comparable United States figure of $163, and Canada's debtor position of $434 per capita compared with the United States creditor position of $228.

There is a comparison between Canada's investments abroad and the investments of foreign countries in Canada. I share with the hon. member for Kamloops his surprise that the retiring United States ambassador, in

one of his farewell speeches in this country, should take issue with those of us in Canada who deplore this trend. I find it difficult to believe that that is the standard United States diplomacy in Canada, and can only look upon it as a very grave error. In the report in the *Globe and Mail* of today we find these words:

> Mr. Stuart, who is being succeeded at Ottawa by Livingston T. Merchant, said he sincerely believed that U.S. investment in Canada has been decidedly beneficial rather than detrimental to the Canadian economy.
>
> "The problem of alleged domination by U.S. capital of Canadian industry and natural resources is in some respects unique," Mr. Stuart said. "It is general rather than specific—

I should like to take up that point a little later.

> —it is being discussed emotionally perhaps more than logically, it is one for which some of those who raise it do not appear to be seeking a solution but rather the creation of an issue."

I should like to point out to Mr. Stuart that Canadian people generally think this is not general but very specific. The *Financial Post* has done a very fine service to the Canadian people in its issue of April 14 in giving a résumé of the dominion bureau of statistics report of the Canadian investment position in a graphic form, pointing out the trend of United States investments in Canada. It should alarm and astound everybody in Canada who reads it. It points out one issue upon which apparently the retiring United States ambassador was very wrongly informed. In his statement appearing on page 10 of today's *Globe and Mail* is the following:

> Since 1953, he explained, there has been a steady decline in the net inflow into Canada of outside capital for direct investment in foreign-controlled enterprises, and both the amount and percentage of the U.S. component have decreased each year.

I hope the Minister of Finance will straighten us out with regard to the facts in this case. Either the error is in Mr. Stuart's statement or the error is in the trend as given in the statement of Canada's international investment position, as published by the dominion bureau of statistics. The *Financial Post* gives in a graphic form the position of Canadian and foreign investment. It shows:

> Non-resident investment has boomed in 10 years.

It points out in a graph that United Kingdom investments in Canada from 1930 to 1939 amounted to about $3 billion, while investments from the United States amounted to about $5 billion, almost twice as much. By 1939 both were slightly down. By 1945 the United Kingdom investment in Canada was down to $2 billion and United States investment up to $5½ billion. In 1954, with the United Kingdom investment slightly over $2 billion, the United States investment in Canada had gone up to $10½ billion, almost five to one.

There is a breakdown of the direct control United States investments, as compared with government and municipal bonds and portfolio investments which do not carry with them control of the industry or the resources. The United States direct control investments in Canada amounted to about $6 billion in 1954, as compared with $3 billion in 1948, while investments in government and municipal bonds amounted to $2 billion and other portfolio investments to $2 million. Is that not a decline? The amount of direct control investment in Canada has been increasing very rapidly. If the figures from the dominion bureau of statistics carry us back only as far as 1954, what they were during 1954 at the same rate must be even more alarming. What they will be in 1956, with a budget which does nothing about them, will soon place Canada in a very dangerous position as regards United States investment.

Notice the fields in which United States investment has obtained more than 50 per cent control. Petroleum is analysed in this way in the charts here. In exploration and development United States capital is 59 per cent and Canadian capital 40 per cent. In the refining of petroleum United States capital is 71 per cent, Canadian 25 per cent and others 4 per cent. In the transportation of petroleum 100 per cent of the capital is controlled in the United States. In the field of chemicals, United States has 54 per cent and Canada 28 per cent. As regards automobiles and parts, there is almost complete control of the automobile industry in Canada by the United States industry, with 95 per cent in the United States and 5 per cent in Canada. In the rubber industry 92 per cent of the capital is United States controlled, and 8 per cent is controlled in Canada. In electrical apparatus, so important in these modern days of advancement, United States capital was 62 per cent, with 28 per cent in Canada, and others 10 per cent.

As of 1954, Canada still had control in the field of mining, smelting and refining of native ores, with 60 per cent of the capital. It also had control in pulp and paper, with 45 per cent; in textiles, with 84 per cent; in primary iron and steel, with 96 per cent; and in beverages, with 82 per cent. The *Financial Post* refers to this as "The Great American Flood." It states:

> Study finds capital inflow greatest in fast-growing good profit lines.

I think perhaps one of the best examples of what might happen in Canada as the result of United States industrial control of the

Canadian economy, is illustrated by what happened in recent years in this house. In 1951 a bill was introduced in the house to establish Trans-Canada Pipe Lines Limited. The house was given the assurance that it was an all-Canadian company, that the line would be built wholly on Canadian soil, and that the consumption of the product would be 100 per cent Canadian. Since the natural gas comes from a Canadian source, surely that is as it should be.

Before a committee of the house the legal representative of Trans-Canada Pipe Lines Limited assured the members of the committee that the company was an all-Canadian company and that consumption of the product would be 100 per cent Canadian. The vice president of the company assured members of the committee of the same thing. The bill was passed by the house under those conditions, with those stipulations and that understanding. But after 1951 large United States gas and oil companies bought control of Trans-Canada Pipe Lines Limited and very soon a change occurred.

No longer will the company be 100 per cent Canadian. The stipulation now is that the pipe line will be built by Trans-Canada Pipe Lines Limited on condition that there will be a lead-off line from Manitoba to the United States market to supply 2 million cubic feet of gas per day to that country, and on condition that the Canadian government will build the unprofitable and difficult part of the pipe line, the 675 miles from the Manitoba border to Kapuskasing. Trans-Canada Pipe Lines Limited, now under United States control, is to have the option to purchase that portion of the line later, and I suppose they will exercise that option only if it is profitable to do so.

What better example could we have of United States interests and industrial magnates getting control of a Canadian resource and determining how it shall be used? Shall Canadian consumers of a Canadian resource depend on the whim and price set by foreign industrialists? That is where the danger lies. Disregarding what was right, proper, honest and just, this company has completely repudiated and failed to fulfil its obligations. Since they have misled and goldbricked this parliament, they have no right to come here and ask for further concessions from the government. The deal was made on the basis of a certain understanding. That is what United States control of Canadian industry and resources means. Surely members of parliament are not going to sit here and allow this type of thing to continue!

What about our oil? One of the great natural resources of Canada is our oil, a very valuable commodity in the world today. Great Britain needs oil. It looks as though that country is going to be squeezed out of her oil rights in Saudi Arabia. She was squeezed out of Egypt. She is facing a declining economic situation. Is Canada going to be in any position to supply Great Britain with oil from the fields of this country, or is Great Britain going to fall so far behind economically that she cannot afford to buy and cannot meet competition?

The control of Canada's oil resources is already handed over to United States oil interests. Surely they have their share of the world's supply of oil without taking that of Canada. It was rather interesting to hear on a news broadcast last night a report of a rumour that when Khrushchev and Bulganin visit Great Britain they may offer a billion pounds in gold to assist her in her economic difficulties. Why should Canada not be able to offer that kind of assistance to that country, which is the natural market for our commodities? Great Britain should be able to buy from Canada, and the British market can be available to the Canadian people.

On the other hand, shall we hand over Canada's resources to our enemy as far as business is concerned, to our competitor, this great giant of a wealthy nation to the south of us? A fine example of what we do in Canada was seen recently. The great iron ore beds of Canada in northern Quebec have been taken over by United States steel firms. What do they do? They mine the ore and transport it past Canadian open hearths and rolling mills to their plants in the United States, employing United States labour. Canada is then allowed to purchase the finished article from them at prices set by them. Yet the Minister of Trade and Commerce got up in the house on the 16th of January and said that his department was concerned about finding enough steel to keep the economy rolling in the face of the world shortage of steel.

Why should the Canadian people not be developing Canadian iron ore beds? Why should they permit them to be taken over by wealthy United States industrial interests?

Canadians did not elect the present government in 1953 to hand over the birthright of Canada to United States interests, but that is what is happening. There is a failure to tax capital gains made in this country. There is a failure to tax capital gains made on the stock exchanges, which makes Canada a veritable paradise for United States investors. They are not allowed that kind of freedom from taxation in their own country, but they come to Canada and get that kind of preference from this country.

Of course the budget is a do-nothing budget. It is a do-nothing budget because it has done nothing about taxing the kind of capital gains which attract these people here to take Canada's resources and assume control of our interests. What is the future of Canada with this kind of policy? It is time for every Canadian who believes in Canada for Canadians to make his voice heard in protest.

This issue is of the greatest importance. It is the culmination of what threatened the Canadian people in 1911 when they threw out reciprocity and said they wanted Canada to be developed for the Canadian people. Now, without even an election, the government, making use of the majority given the Liberal party in 1953, is carrying out the very thing which the people do not want. I maintain the people of Canada do not want it in 1956. They just do not realize what is going on in Canada. They are told that everything is fine.

I think what is happening in Canada today should be made known to all the people of Canada. In recent months I have talked to people from the east and west of Canada, and I have been astounded at the lack of even an elementary understanding or knowledge of what is happening even with respect to the trans-Canada pipe line. When people find out they are astounded and awakened. Unfortunately information is not reaching the public as it should.

I maintain that the people of Canada should be made aware of the situation. I appeal to those members sitting on the government side to search their hearts and souls very deeply, because they are responsible for what is happening in Canada today. If, knowing what is happening, they remain silent and say nothing, if they fail to raise their voices, they will be derelict in their duties and future generations will condemn them. I hope the people of Canada realize what is happening before it is too late.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, my contribution to this debate will be limited to a few minutes.

Last year I voted in favour of the government budget proposals. I considered then that the hon. Minister of Finance (Mr. Harris) had at least made a step in the right direction and I felt that we were bound to show him our appreciation.

This year I will have to vote against the budget, as I feel that the hon. minister has made no further progress in the direction which he took last year.

For instance, as far as the income tax is concerned, it seems to me that the basic exemption should have been raised to $2,000 or at least to $1,500 for unmarried people, and to $3,000 for heads of families.

Moreover, the 8 per cent sales tax should have been reduced and family allowances should have been readjusted so as to raise their real purchasing power to its level of ten or eleven years ago.

Mr. Dufresne: They will do that next year, just before the election.

Mr. Poulin: You have to admit that these three suggestions are made with a view to giving a special protection to family heads, and more particularly to the heads of large families.

Even with a rate increase of 50 or 60 per cent, family allowances would cover but a small fraction of what it costs to support a child. If you add to that the 8 per cent sales tax, the cost of which is multiplied by the number of consumers in the household, you have to conclude that in our modern society it has become a luxury to have a large family and to maintain a decent home where it is good to live. Indeed, it is absolutely necessary that the home be so organized that it will appeal to the child. Such being the case he will be in a position to receive an education and upbringing which he would be unable to find anywhere else.

It does seem to me, though, that the head of the family cannot organize such a home if his salary, which is no more than adequate at the present time, is further reduced by the encroachments of an overly burdensome tax system.

It should not be necessary to insist once more upon the fact that the greatest of modern sociologists, whatever their race, religion or country, continue to state that the family is the basic element of society and that the latter will be what the former will make it. However, families, like individuals, must enjoy that modicum of well-being necessary to the full flowering of moral and spiritual values.

That is why I urge the Minister of Finance, if he is unwilling to change his present budget, at least to see to it that next year's brings about the changes I have just indicated.

I wish to add a few words in conclusion with regard to the pension paid to disabled people.

I may be wrong but it seems to me that any person exercising a trade or occupation who, following sickness or accident, can no longer fulfil permanently the position formerly occupied in this same trade, or a closely related position, any such person should be considered as a disabled person.

As regards those who, from birth or from early age, were never able, because of mental or physical deficiency, to integrate themselves in a class of employment allowing them to earn a major part of their living expenses, they should also be considered as disabled persons.

It matters little whether or not these people can dress and walk by themselves, as stated in the application forms, whether or not they are capable of climbing stairs without difficulty, that is secondary.

Besides, at the rate of things, with modern progress in material things and the setback of morals, the day is not far away when there will be no more stairs to climb or when we shall no longer have to dress as, having shown all that there is to show, we shall have nothing left to conceal. Nevertheless we will still have to work in order to earn a living, and this is the only thing—I mean on a material basis—which seems essential to me. When such a possibility exists no longer, and when there is no other source of income to compensate for work, then I feel that the government ought to step in.

I am far from asserting, however, that the hon. Minister of National Health and Welfare (Mr. Martin), and the provincial ministers co-operating with him, have grasped nothing of the problem; quite the contrary.

From the meetings of experts representing both sides, since the act has been in force, a substantial improvement has resulted in so far as the understanding of the problem and the means of solving it are concerned. However, we must go farther. It would be better perhaps to give less importance to the wording of the regulation forms and leave the experts —in the case the examining doctors—with more freedom in the way they may establish, for all practical purposes, the degree of disability of any particular individual.

I trust however that within a few years we will have a disabled persons pension act such as to meet the needs of our people. I quite understand that this cannot be achieved at the first strike; that is why I ask the hon. Minister of National Health and Welfare to keep on doing his best, in co-operation with the various provincial authorities who seem to me equally well disposed, in order to improve this legislation the principle of which is excellent, but the working of which is still not perfect.

(Text):

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we have now reached the concluding day of the budget debate. In spite of the many criticisms that have been voiced and the inadequacies that have been outlined it is possible that the Minister of Finance (Mr. Harris) is still of the opinion that he brought down a satisfactory budget. If he will not be convinced of the contrary, perhaps he could at least find standing room halfway between the criticisms of the amendment which refers to it as empty, negative and partisan and, on the other hand, the laudatory remarks of the hon. member for Northumberland (Mr. Robertson) when he stated that the budget was realistic, responsible and encouraging. I would suggest that even there the minister might find the ground rather shaky. Perhaps it could be said, however, that within the inadequate framework of the present monetary and fiscal policies of the government he is doing a fair job. Nevertheless, having regard to the possibilities were the government to adopt policies suitable to the age in which we live, the accomplishments are far from being satisfactory.

Not only in Canada, Mr. Speaker, but in other countries of the commonwealth and of the world sincere men are beginning to realize that something must be done if all the people are to be assured of a share in the country's production and are to maintain and enjoy the standard of living possible in an age of plenty. I am sure that hon. members will be aware of the fact that in New Zealand a royal commission on banking, credit and currency was set up last year to study the entire matter of monetary reform. Since that time the hearings have been brought to a conclusion. I have in my hand a booklet entitled, "Royal Commission on Banking, Credit and Currency." The monetary royal commission commenced the hearing of evidence in Wellington on April 28 and concluded on September 30, 1955.

This booklet is made up of excerpts from the official verbatim report and reprints from the *Mirror* published in Auckland, New Zealand. On page 10 of this particular booklet we have a reference to the review of evidence. I might say that this is published by the editor of the *Mirror*, Mr. H. J. Kelliher. In this review of evidence we read this statement:

> There has been a substantial measure of agreement between the people who have appeared before the commission as critics of the present banking procedure. On the main and basic issues, the federation of labour, the social credit association and Mr. Kelliher form a united front. They contend—(1) that the banks do not lend their deposits; (2) that the banks create monetary credit and charge interest on this created money; (3) that all moneys should be issued by the state in accordance with its sovereign prerogative; (4) that the booms and slumps which New Zealand has experienced and which have been a feature of British economic history during the past century

have been accentuated by the expansion and contraction of bank credit; (5) that as a first step towards economic stability the banks must be deprived of the power to create and destroy money which they should never have been allowed to exercise.

I just give that to call to the attention of members of the house that the federation of labour, the social credit association and Mr. Kelliher all agree on these basic and fundamental points.

In a covering letter that was sent out with this booklet, Mr. Kelliher states:

Democracy's greatest need today is a monetary system under which neither booms nor slumps will recur, and inflation will not again break through and steal the earnings and savings of the people. It is the sovereign duty of every government to issue money and regulate its value—ensuring at all times an adequate but not excessive money supply. Thus the purchasing power of the people's earnings and savings will be safeguarded.

We have also information indicating that in the United Kingdom there is a realization on the part of a great many people that something is radically wrong with the present monetary situation. Representations have been made to Mr. Harold Macmillan, chancellor of the exchequer, and he apparently agreed to meet with a delegation of those who were concerned about this matter.

I again refer to the royal commission on banking, credit and currency set up in New Zealand. There is another section which is called, "The Case for Social Crediters". Let me emphasize again that the man who makes this statement is not a social crediter. He does differ from Social Credit in some particular respects. On page 18 we read these words:

I don't know whether the commission reached, or can reach, any conclusion after its many days of probing into the Social Credit ideals of Mr. Young and the gracious educated lady from Dunedin. But I doubt if any conclusion could be reached other than that Social Credit correctly diagnoses the cause of our present troubles, but the main proposals for its remedy are somewhat nebulous.

I give that to call attention to the fact that he agrees Social Credit has pinpointed the problem and diagnosed the situation, pointed out the weaknesses of the present system. With reference to the royal commission currently sitting on Canada's economic prospects, we regret that there is nothing in the terms of reference authorizing that commission to study proposals for monetary reform. The commission can look into the prospects and consider all these other angles, yet their terms of reference do not include the study of monetary reform proposals. We in the Social Credit movement consider that such investigations are of the utmost importance. When we consider the whole financial picture of Canada, consider our taxation structure, the tremendous volume of our national debt and the cost of financing that national debt, then certainly we say that something should be done to face this matter realistically and bring some alterations that would put us on a more substantial and more favourable financial foundation.

However, Mr. Speaker, we are still struggling along under the old, outmoded financial system and therefore we must consider the budget, I suppose, in the light of that fact. I want to refer to a number of matters which come very close to the people of Canada. First of all, I should like to say how disappointed we are to find that in the budget presentation, and considering the matters that the government is introducing at this session, no mention is made of the position in which our senior citizens still find themselves. I recall referring to this particular matter in the budget debate last year and pointing out the serious situation that our senior citizens are facing. I joined with many other members in the house in requesting that something be done to alleviate their difficult situation and bring some increase in their pensions and in their allowances. I read the reply that the Minister of National Health and Welfare (Mr. Martin) gave to the hon. member for Winnipeg North Centre (Mr. Knowles) as recorded, I believe, on page 184 of *Hansard* for January 17, 1956, and I felt at that time that his response was very inadequate and certainly did not indicate the concern he should have felt for the people in this particular category. I would say that his argument was very inconclusive because no one can question the fact that our senior citizens are in a desperate plight at the present time.

We do not have to labour that point because I am sure that when one considers the allowance that the senior citizens are receiving one will fully realize that in no way is it adequate to meet the cost of living at the present time. They are just barely getting by and stretching the very last cent to the maximum. But a great many of them are finding that before the next cheque comes in there are several days during which they have nothing with which to purchase food and carry them through until the cheque arrives. It is not as if Canada was not in a position to do something further in this regard. When we think of the expenditures, when we think of the wealth of Canada, when we think of all these things, then there is absolutely no reason why we could not give some added assistance to our senior citizens to make life a little easier for them, a little more comfortable, and show them that we are at least thinking about them and are concerned about their welfare. When we think of their contribution to Canada, in service,

in sacrifice and in money, let me say that these people deserve a better deal than they are getting from the federal government.

Let me refer to a resolution which was passed at the second annual convention of the Marpole community centre in Vancouver in June of last year. In article 11 the senior citizens' association of British Columbia said:

> Whereas Canada was one of the most enthusiastic advocates of the universal declaration of human rights passed by the United Nations; and
>
> Whereas this declaration guarantees freedom from want to people residing in nations signing the declaration; and
>
> Whereas hundreds of thousands of pensioners in Canada are trying to live on a totally inadequate pension and are in want of the sheer necessities of life;
>
> Now therefore be it resolved that this convention of senior citizens' association of British Columbia calls on the government of Canada to implement its own signature to the declaration of human rights by providing a pension sufficient to ensure that pensioners are not in want.

Now, Mr. Speaker, I would like to add my voice to the pleas of other hon. members in asking that the pensions of our senior citizens be raised, or at least their value be restored to the level enjoyed when those pensions and this system were first instituted. I should also like to again request that the senior citizens' pensions be paid regardless of where the pensioners may choose to spend their declining days. I have received a letter dated January 9, 1956, from a resident of Vancouver. The letter reads as follows:

> Dear Sir:
>
> Being a member of the federal house of parliament, could I ask a favour of you concerning the old age pension?
>
> I am receiving the $40 a month pension and my relations in England have asked me to finish my days with them.
>
> I have lived in British Columbia since 1908 and have no relations or ties in this country, and would like to go to England. But I do not wish to be a burden on them if my savings run out.
>
> Is there any way that I can have the pension transferred to England?
>
> I am informed I can leave the country for six months and on return get three months pension. That is not what I desire. I think, there are so few people that would leave the country that the point has not been considered.
>
> Could you in any way help me in this matter of getting the pension transferred?
>
> Thanking you in anticipation, I am,
>
> Yours truly,
>
> W. T. Seagrief.

Perhaps the last part should be directed to the Minister of Finance (Mr. Harris). I would be happy to pass the appreciation back to the minister if he would make that possible. I feel there are many other ways, Mr. Speaker, in which our senior citizens could be provided with further assistance. I am not going to refer to them this afternoon because they have been mentioned in previous debates, but certainly action with respect to these matters is long overdue. On behalf of those who exist in straitened economic circumstances I would request the sympathetic and the favourable consideration of the minister and of the government.

I am not a member of the estimates committee but I was interested to read an account in the paper of part of the sessions of the estimates committee in regard to old age pensions. The *Globe and Mail* of April 13, 1956, carried the following heading:

> $40 Old Age Allowances Won't Be Increased, Martin Tells Commons.

The opening paragraph reads as follows:

> Health Minister Martin made it clear today that the federal government has no intention of increasing the $40 a month old age pension. He said any further assistance for Canada's 1,217,000 citizens of pensionable age would have to come from the provinces. Ottawa has discharged its responsibility in full.

I am glad that statement is not in quotation marks, because I would not like to think that the Minister of National Health and Welfare made the statement that Ottawa has discharged its responsibility in full. I ask, how much longer are our senior citizens to be consigned to penury? How much longer are we to finance our economy with such lavish expenditures while leaving the builders of our nation to struggle on in poverty? Some of the provinces at least are doing what they can, and certainly the federal government should take some action and raise the old age pension allowances and make them payable anywhere the pensioners choose to spend their declining days, and also give them consideration in other respects as well. Do you wish to call it five o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

PERSONAL FINANCE COMPANY OF CANADA

The house resumed, from Tuesday, April 10, consideration of the motion of Mr. Lefrançois for the second reading of Bill No. 160, respecting Personal Finance Company of Canada, and the amendment thereto of Mr. Coldwell.

Mr. Deputy Speaker: Is the house ready for the question?

The question is the following one. Mr. Lefrançois moved, seconded by Mr. Deslieres, that Bill No. 160, respecting Personal Finance Company of Canada, be now read the second time. Mr. Coldwell, seconded by Mr. Argue, moved in amendment thereto, that the word

"now" be left out, and the words "this day six months hence" be added at the end of the question. The question is on the amendment. Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed to the amendment will kindly say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the "nays" have it.

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

YEAS

Messrs:

Argue
Barnett
Blackmore
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Coldwell
Ellis
Gillis
Goode
Hahn
Hansell
Herridge
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Low
McLeod
Nicholson
Patterson
Quelch
Regier
Smith (Battle River-Camrose)
Stewart (Winnipeg North)
Wylie
Zaplitny—31.

NAYS

Messrs:

Anderson
Ashbourne
Balcer
Balcom
Batten
Beaudry
Bell
Benidickson
Blair
Blanchette
Boisvert
Bonnier
Boucher
Bourget
Bourque
Breton
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Cameron (High Park)
Campney
Cannon
Cardiff
Caron
Carrick
Carter
Cauchon
Cavers
Charlton
Churchill
Clark
Cloutier
Crestohl
Dechene
Decore
Denis
Deschatelets
Deslieres
Dickey
Diefenbaker
Dinsdale
Drew
Dufresne
Dupuis
Eyre
Fairclough, Mrs.
Fairey
Forgie
Fraser (Peterborough)
Fulton
Gagnon
Gardiner
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gour (Russell)
Gourd (Chapleau)
Green
Habel
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hardie
Harkness
Harris
Harrison
Healy
Hees
Hellyer
Henry
Hodgson
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lennard
Lesage
Macdonnell
MacDougall
MacLean
MacNaught
Macnaughton
McBain
McCann
McCubbin
McCulloch (Pictou)
McGregor
McIvor
McWilliam
Mang
Marler
Martin
Menard
Meunier
Michaud
Mitchell (London)
Mitchell (Sudbury)
Monette
Monteith
Montgomery
Murphy (Westmorland)
Nesbitt
Nickle
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Poulin
Power (Quebec South)
Power (St. John's West)
Proudfoot
Prudham
Purdy
Ratelle
Rea
Reinke
Richard (Ottawa East)
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rochefort
Ross
Rowe
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Sinclair
Small
Stanton
Stick
Stuart (Charlotte)
Thatcher
Tucker
Tustin
Viau
Villeneuve
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Waterloo South)
Winters—165.

Mr. Speaker: Is it the pleasure of the house to adopt the main motion?

Some hon. Members: No.

Mr. Speaker: Those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion, the yeas have it. Call in the members. Do hon. members consider that they have been called in for the purpose of this division? Would the whips be kind enough to indicate that their members have been called in for the purpose of this division?

The house divided on the motion (Mr. Lefrançois) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Ashbourne
Balcer
Balcom
Batten
Beaudry
Bell
Benidickson
Blair
Blanchette
Boisvert
Bonnier
Boucher
Bourget
Bourque
Breton
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Cameron (High Park)
Campney
Cannon
Cardiff
Caron
Carrick
Carter
Cauchon
Cavers
Charlton
Churchill
Clark
Cloutier
Crestohl
Dechene
Decore
Denis
Deschatelets
Deslieres
Dickey
Diefenbaker
Dinsdale
Drew
Dufresne
Dupuis
Eyre
Fairclough, Mrs.
Fairey
Forgie
Fraser (Peterborough)
Fulton
Gagnon
Gardiner
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gour (Russell)
Gourd (Chapleau)
Green
Habel
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hardie
Harkness
Harris
Harrison
Healy
Hees
Hellyer
Henry
Hodgson
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lennard
Lesage
Macdonnell
MacDougall
MacLean
MacNaught
Macnaughton
McBain
McCann
McCubbin
McCulloch (Pictou)
McGregor
McIlraith
McIvor
McWilliam
Mang
Marler
Martin
Menard
Meunier
Michaud
Mitchell (London)
Mitchell (Sudbury)
Monette
Monteith
Montgomery
Murphy (Westmorland)
Nesbitt
Nickle
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Poulin
Power (Quebec South)
Power (St. John's West)
Proudfoot
Prudham
Purdy
Ratelle
Rea
Reinke
Richard (Ottawa East)
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rochefort
Ross
Rowe
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Sinclair
Small
Stanton
Stick
Stuart (Charlotte)
Thatcher
Tucker
Tustin
Viau
Villeneuve
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Waterloo South)
Winters—166.

NAYS

Messrs:

Argue
Barnett
Blackmore
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Coldwell
Ellis
Gillis
Goode
Hahn
Hansell
Herridge
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Low
McLeod
Nicholson
Patterson
Quelch
Regier
Smith (Battle River-Camrose)
Stewart (Winnipeg North)
Wylie
Zaplitny—31.

Mr. Speaker: I declare the motion carried.

Motion agreed to on division, bill read the second time and referred to the standing committee on banking and commerce.

SIGNATURE LOAN AND FINANCE COMPANY

The house resumed, from Friday, April 13, consideration of the motion of Mr. Richardson for the second reading of Bill No. 166, to incorporate Signature Loan and Finance Company.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, at this time I should like to say a few more words in an effort to persuade, if possible, the members of the house that Canada does not need another finance company. We feel that for reasons of consumer purchases there are already sufficient credit facilities available to the Canadian people. There are credit facilities available that are much more in line with the needs of the people than those facilities offered by the existing finance companies. Therefore we believe it is our responsibility not to lend a hand to foster the growth of Canadian finance companies.

In our efforts on this bill I was rather disappointed to find that few of those members who, rightly or wrongly, are regarded by many Canadian working people and farmers as being in sympathy with the welfare of the ordinary citizen have helped us in this

debate. Very often we read of the Minister of National Health and Welfare (Mr. Martin) expressing great concern for the well-being of the ordinary Canadian people. He did not see fit to rise in his place and put up a battle on behalf of the common people in order to protect them from another finance company.

The hon. member for Fort William (Mr. McIvor) and the hon. member for Vancouver South (Mr. Philpott) also did not see fit to rise in their places and plead in the interests of the people in an effort to avoid another finance company being established. I can understand the position of the Prime Minister (Mr. St. Laurent), who is often advertised as the kindly man of Canada. I can see that with the president of the Liberal federation interested in this particular measure the Prime Minister could not very well make a speech on behalf of the working people of Canada.

We are convinced, Mr. Speaker, that there is absolutely no need for this additional company to be organized. I am glad that there are at least two members on the Liberal side of the house who agree with us, and I should like to mention them again. The hon. member for Burnaby-Richmond (Mr. Goode) has once again shown his integrity when he feels that the people of his riding are vitally concerned in an issue. The hon. member for York Centre (Mr. Hollingworth) has also indicated that he is concerned about the welfare of the people who elected him to the high office that he now holds.

I think a great deal of credit is also due to the newspapers of Canada for their efforts to help us to make the Canadian people aware of the high interest rates they are paying, the evils that exist in the operations of finance companies and their recognition of the efforts we have made here. I note with some concern the absence of publicity given to this whole subject by the newspaper operated by the Southam Press. I am just wondering whether Mr. MacTavish, being a director of the Southam Press, might have something to do with the almost blacklisting of this subject matter by newspapers operated by that organization. In this morning's *Globe and Mail* I noticed a letter attacking the position I have taken in this house and pointing out how respectable finance companies are in their dealings with the people. On mentioning this letter to one hon. member I received this reply: Yes, the hangman always wears a nice uniform and is always very formal and very respectable. That is the attitude we take to these unnecessary organizations and we again intend to oppose the formation of another such organization.

[Mr. Regier.]

Mr. H. R. Argue (Assiniboia): This bill, Mr. Speaker, would incorporate in Canada another wholly-owned subsidiary of a United States company. If the discussion that has taken place in this house from time to time about the danger of United States capital on coming into Canada controlling industry and controlling various fields of endeavour in this country means anything at all, it means that this is precisely the kind of measure to which this house should give careful scrutiny. In the small loans field today the two largest companies, both wholly-owned by parent United States companies, control 83 per cent of the field. The Conservative party have made reference, as have we, to the fact that certain industries in this country are gradually coming under the domination of United States capital. Various percentages have been pointed out to show the extent to which some industries have come under the control of United States capital. In the publication that was referred to earlier today in this house and the publication referred to by the *Financial Post* of April 14, two aspects of the petroleum picture are shown. With regard to exploration and development, United States control is 59 per cent; in refining, it is 71 per cent and in transportation, it is 100 per cent.

Mr. Speaker: Order. Perhaps the hon. member had better stick to the subject of small loans. We have a specific bill before us. Latitude has been given in order to allow discussion of small loans legislation generally. But let us leave petroleum out of this discussion for the time being.

Mr. Argue: That comment, Mr. Speaker, is more of a defence than I might have expected to hear from a member of the Conservative party. However, I shall drop that particular reference right now. What I am saying is this. If the attitude that is being taken by many members in this house with regard to the need to look carefully at allowing United States capital to control further large segments of Canadian industry and Canadian business means anything, this is the type of bill and the type of company which every hon. member of this house who is in any way questioning the intrusion of United States capital into this country should vote against. I am surprised that members of the Conservative party, who have taken their stand with regard to other measures such as the question of United States capital buying up Canadian industry, have seen fit to support by their vote the incorporation of a Canadian company which will be a wholly-owned subsidiary of one of these United States companies.

Mr. Speaker: Order. The hon. member must not anticipate the vote that will be given

on this measure. This measure is up for discussion now. The house has not yet voted on this measure. I do not see how he can analyse the attitude of hon. members before they have decided on it.

Mr. Argue: I think I can analyse it quite accurately from their own remarks recorded in the debate on this bill on Friday last as found at pages 2933 and 2934 of *Hansard*. At that time the hon. member for Greenwood (Mr. Macdonnell) and the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) made it perfectly clear that the position of the Conservative party was to support the passing of this bill and its referral to the banking and commerce committee. If one of the members of that party wishes to say that I am wrongly interpreting their position, I shall be most happy to correct that interpretation. But I feel that it is a correct interpretation on the basis of the statements of the hon. members themselves.

We in this group are opposed to this bill for a number of reasons. We are opposed to it for the reason given by the superintendent of insurance, Mr. MacGregor, namely that it would not be a service to ordinary Canadians and to potential borrowers to have another company incorporated and to see further companies participating in this field; that by an extension of the number of companies in this field, and with many small companies in the field, you will have inefficient companies operating and the battle to get lower interest rates will be made more difficult. We are further opposed to the passing of this bill because we believe that the huge interest rates that are being charged by small loans companies are wrong and that we should not, by supporting this measure, incorporate another company that will occupy this field and will charge such gigantic interest rates. I believe we should oppose this bill because the company is a wholly-owned subsidiary of a United States company and this field is already fully occupied, I believe that there is no reason why we should be giving approval to the passage of this bill.

I am amazed at the stand that has been taken by the Conservative party in connection with the passing of this bill. On looking over the bill itself I note that it is a bill to incorporate a company that will be wholly owned by a United States company, namely the Massachusetts Acceptance Corporation, and that two of the directors of the parent company are to act as directors of this company. In their battle against having United States capital come into this country and against having United States capital in the business of constructing and operating pipe lines, the Conservative party have been extremely vocal. They have been very strong in their statements. The hon. member for Prince Albert (Mr. Diefenbaker) in his speech in Saskatoon as recently as April 6 is reported in the Saskatoon *Star-Phœnix* of Saturday, April 7, as saying that his party is opposed to Texas buccaneers coming into Canada to operate this particular project. The article reads in part as follows:

> John Diefenbaker Thursday evening promised that "Texas buccaneers" would not get control of the natural gas outlet from western Canada. The M.P. for Prince Albert told a Saskatoon constituency nominating meeting that the Progressive Conservatives were preparing a fight in the House of Commons on the proposed trans-Canada pipe line that would make the recent filibuster on the Defence Production Act look like a mere skirmish.

If the hon. member for Prince Albert (Mr. Diefenbaker) is to be consistent, if the speech made this afternoon by the hon. member for Kamloops (Mr. Fulton) means anything, surely it means that the Conservative party should be opposing the intrusion into Canada of Massachusetts marauders who are being incorporated by this bill just as strenuously as they are opposing United States capital coming in here and labelling it, as they do, Texas buccaneers. We in this group are being completely consistent in opposing this measure. We regret very much that the support we have obtained has not been unanimous, and particularly has not been unanimous so far as all opposition members are concerned.

The hon. member for Digby-Annapolis-Kings and the hon. member for Greenwood said that they were going to support the passing of this bill because by that means they would allow it to be referred to the banking and commerce committee for study. Since when does a member of parliament have to support the second reading of any bill merely to have the details of that bill discussed before a committee? I say we should state whether we are for or against the principle of the bill. If we are against the principle of the bill then we should not take into account at all whether we are going to have an opportunity of considering the details in a committee of this house. In order to be consistent we should, if we are opposed to the measure, vote against it on second reading.

The Conservative party used to do that. I can remember so well that on so many occasions the hon. member for Vancouver-Quadra (Mr. Green) opposed the incorporation of certain pipeline companies. He was anxious that a Canadian route should be followed. In discussing these private bills for the incorporation of private companies the Conservative party did not say, we are going to have to vote for them on second reading in order to have a chance to discuss the details in a committee.

No, they said the bills were wrong and they did not want those companies incorporated, at least until they would agree to follow a Canadian route. Until that was done they were going to oppose them on second reading. They opposed them by proposing a six months' hoist and they used another weapon that is really more effective. They talked them out for a whole session and they killed at least one bill by that method. I suggest that instead of taking this wishy-washy attitude and saying they are going to have to vote for second reading in order to have a detailed discussion, they should be consistent. They should do as the Leader of the Opposition said they were going to do as a party; they should do as the hon. member for Prince Albert says they are going to do; they should do as the hon. member for Kamloops this afternoon said they were going to do, namely to protect the Canadian nation from this tremendous, overbearing intrusion of United States capital in the small loans field. The Conservative party is once again riding two horses with great ability, but the horses are going in opposite directions. They are able to stand up and say they will vote for the incorporation of another company with United States capital to occupy a field that is now dominated by United States companies. But when it comes to United States capital in the pipeline field, they are against it.

I suggest that the Conservative party should take another look at its attitude. If it wants to oppose the further encroachment of United States capital into various industries, even at this late time they should join with the C.C.F. group in opposing the passage of this measure. Therefore, Mr. Speaker, we shall, when the opportunity arises, call for a recorded vote and shall vote in opposition to this measure.

Mr. A. H. Hollingworth (York Centre): I was going to make a few observations about this bill, Mr. Speaker, but since the hon. member for Assiniboia (Mr. Argue) has been rather lengthy I shall make a very brief comment because I feel hon. members would like to vote on this measure this afternoon. As I said last Tuesday, I am going to vote against this bill because to me it is a matter of substance and not procedure.

I do not believe that at this time, while Bill No. 51 is being considered by the banking and commerce committee, any finance company should be allowed to incorporate, and particularly a United States finance company. We have heard it observed in the house that United States companies own about 83 per cent of the business of this country. If we permit more companies to come in, that will not lower the interest rate. I feel this bill is ill-timed and I say that with the greatest deference to my hon. friend, for whom I have the highest regard and respect, the hon. member for St. Lawrence-St. George (Mr. Richardson), who is sponsoring this bill. With these observations, Mr. Speaker, I am stating that I am going to vote against this bill.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I shall only take a few seconds. I cannot support the remarks of the hon. member for Burnaby-Coquitlam (Mr. Regier) when he spoke about the Prime Minister (Mr. St. Laurent). I do not think that is true, but I am not voting against this bill because of that. I have no complaints against United States capital coming in here and performing any service that they see fit if Canadian capital will not support the service. However, I am a little worried at seeing the great growth of these loan companies, particularly in British Columbia, that are coming in to Burnaby and Vancouver. It seems to me they are on every street corner. I honestly believe we should stop it now and I am going to vote against the bill.

The house divided on the motion (Mr. Richardson) which was agreed to on the following division:

YEAS

Messrs:

Anderson	Deslieres
Ashbourne	Dickey
Balcer	Diefenbaker
Balcom	Dinsdale
Batten	Drew
Beaudry	Dufresne
Bell	Dupuis
Benidickson	Eyre
Blair	Fairclough, Mrs.
Blanchette	Fairey
Boisvert	Follwell
Bonnier	Forgie
Boucher	Fraser (Peterborough)
Bourget	Fraser (St. John's East)
Bourque	Gagnon
Breton	Gauthier (Lake St. John)
Brooks	Gauthier (Nickel Belt)
Brown (Brantford)	Gauthier (Portneuf)
Brown (Essex West)	Gour (Russell)
Bruneau	Gourd (Chapleau)
Buchanan	Green
Cameron (High Park)	Habel
Campney	Hamilton (Notre Dame de Grace)
Cannon	Hamilton (York West)
Cardiff	Harkness
Caron	Harris
Carrick	Harrison
Carter	Healy
Cauchon	Hees
Cavers	Hellyer
Charlton	Henry
Churchill	Hodgson
Clark	Hosking
Cloutier	Houck
Crestohl	Howe (Port Arthur)
Dechene	Huffman
Decore	Hunter
Denis	James
Deschatelets	

Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lavigne
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lennard
Lesage
Macdonnell
MacDougall
MacLean
MacNaught
Macnaughton
McBain
McCann
McCulloch (Pictou)
McIlraith
McIvor
McWilliam
Mang
Marler
Martin
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Montgomery
Murphy (Westmorland)
Nickle
Nixon
Perron
Philpott
Pickersgill
Pinard
Pommer
Poulin
Power (Quebec South)
Power (St. John's West)
Proudfoot
Purdy
Ratelle
Rea
Reinke
Richard (Ottawa East)
Richardson
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rochefort
Ross
Rowe
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Small
Stanton
Stick
Stuart (Charlotte)
Thatcher
Tucker
Tustin
Viau
Villeneuve
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Middlesex East)
White (Waterloo South)
Winters—158.

NAYS

Messrs:

Argue
Barnett
Blackmore
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Coldwell
Ellis
Gillis
Goode
Hahn
Hansell
Herridge
Hollingworth
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Low
Nicholson
Patterson
Quelch
Regier
Smith (Battle River-Camrose)
Stewart (Winnipeg North)
Zaplitny—30.

Bill read the second time and referred to the standing committee on banking and commerce.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. Patterson: Mr. Speaker, before leaving the subject with which I was dealing at five o'clock, I would just like to commend to the attention of the Minister of Finance a letter, a copy of which I have received—and I believe all other members from British Columbia have received it—from the old age pensioners' organization. It is signed by E. A. Griffin, provincial secretary. The copy I have is endorsed by John Campbell, president, and Mrs. Edith Wallace, secretary of the Mission City, B.C., branch. The letter states:

> I have been directed by the board of directors of the British Columbia old age pensioners' organization to forward to you the accompanying facts and petition to ask that your honourable house take immediate steps to insure that all old age pensioners throughout the dominion receive sufficient income, adequate housing, home nursing care and nursing homes for those needing such accommodation and hospitals for chronic cases.
>
> I have been asked to remind your honourable house that little has been done by the federal government since 1927 to improve the lot of the old age pensioners throughout the dominion and any increase in the federal old age pension since that date has only been secured as the result of pressure brought to bear on the federal government by the provinces.
>
> Moreover the amount of such increase in the basic pension bears no relation whatever to the tremendous increase in the cost of living as compared to the cost of living in 1927.
>
> I would like to call the attention of your honourable house to the fact that the age at which the basic pension of $40 per month is granted is the highest in the world. The age at which the old age pension is granted in other countries ranges from 50 years of age in Uruguay to 67 years in Iceland and Sweden.
>
> We therefore humbly pray that your honourable house take immediate steps to raise the basic pension of $40 per month to $60 per month to be paid to women at 60 years of age and to men at 65 years of age.
>
> We also ask that the Department of National Health and Welfare or such other authority as may be deemed necessary undertake the immediate survey of the housing needs of every locality throughout the dominion and adequate provision be made for low cost housing for old age pensioners, hospitals for chronic cases among old age pensioners, nursing homes for those needing such accommodation; also homes for the infirm where such attention as may be needed may be given.

We also humbly pray that the taxable limit of $60 per year for old age pension purposes be abolished and every income be taxed for this purpose on a *pro rata* basis.

I would like to place that on the record because it represents the views of the old age pensioners organization of British Columbia.

With respect to health and welfare programs, I also wish to support the request being made on behalf of our blind friends for a grant, free from the means test, to cover the cost of guiding services. I received a considerable number of requests that we give our support to this particular project. I am not going to take time to read them but I have a list here of at least 13 different institutes and organizations of various kinds in the province of British Columbia, most of them in my own riding. I feel that this is a worthy cause. It has been mentioned by different members in the house. I would ask that the matter receive the sympathetic consideration of the Minister of Finance.

There is another matter that I called to the attention of the minister last year. This has to do with deductions permitted for income tax purposes on contributions for charitable, educational and religious purposes. I indicated, I believe, last year, and I would just like to state again, that in the United States of America up to 20 per cent of the individual's gross income paid to charitable and religious organizations can be exempted from income tax when making returns.

I have also made some inquiries regarding the United Kingdom and find that there is there a system of covenanting, by which means a person is able to give the religious society the advantage of the income tax paid on the money. For example, the religious society reports these gifts, along with copies of the actual covenant forms signed by the donors, and then is able to reclaim the income tax paid by the individual to add to the society funds. In this particular instance, it is not the person himself who benefits from the income tax deductions for these purposes but the organization to which his contributions are made. As far as the Department of National Revenue would be concerned, there would not be any difference in this particular respect. I believe that increases in these deductions would be beneficial. It would give recognition to the work that such organizations are doing, as they are in a large sense providing the very foundation of our free democratic way of life. I believe it would encourage giving to these various purposes.

There are a considerable number of people in Canada who feel conscience bound to contribute at least ten per cent of their income to the church of their choice. Some, of course, give more; some give less; and I suppose some do not give any. Nevertheless, some feel, as I have said, conscience bound to make that contribution of at least ten per cent to the church of their choice. In that case it does not allow for any contributions whatsoever to educational and to charitable organizations. I should like to emphasize that again. I thought the minister evidenced some slight interest in this matter last year when I called it to his attention. I should like to think it was an oversight rather than deliberate intent that explains the absence of any reference in the budget to increased allowable deductions in this respect.

There is one other matter I should like to deal with very briefly at this time. We have had considerable discussions, and no doubt we shall have further discussions, relative to the supposed United States domination of the Canadian economy through increased and constantly increasing investment. I am sure we have all read glowing reports of Canadian resources. We can turn to magazine or newspaper articles and we can listen to public speeches and find so many people referring constantly to the tremendous resources that are ours in Canada. Referring to the prospects for the future, these same writers and speakers paint in glowing terms the possibilities of future development in our great nation. We all realize, of course, that capital is required for these developments.

An hon. Member: Hear, hear.

Mr. Patterson: You had better wait. You may not say "Hear, hear" later on. Up to the present we have been rather pleased and proud that outside capital has been invested in our great and growing nation. But now apparently we have reached the crossroads, and there is an ever-increasing crescendo of opposition to the fact that United States investment is continuing and increasing in our Canadian economy. I would just like to say this, I feel we ought to beware of going to the extent of building up unnecessary—let me emphasize that "unnecessary"—resentment against our great neighbours to the south. I should say that I hold no brief whatsoever for the big United States interests. I just want to say that down through the years, by written articles and by public statements, our communist friends have been singing this song of the ever-growing threat of United States control of the Canadian economy. Then we found the C.C.F. party joining in that refrain. Now we find the Progressive Conservative party, of all people, joining in the chorus and swelling that chorus of anti-Americanism. I know they will contradict that but nevertheless I put that on record because I believe that is what is happening

even although it may be unintentional. I know they are opposed to the so-called control exercised by United States capital, but I say again that it is going to result in growing resentment and antagonism between our two nations.

Mr. Argue: Read Leboe's speech in Saskatchewan.

Mr. Patterson: I do not need to read anybody else's speech with regard to that matter.

Mr. Argue: It was the opposite of yours.

Mr. Patterson: I have heard some of yours and those of some of the other members and I am expressing my own opinions in this regard.

Mr. Fraser (Peterborough): Your opinions are wrong.

Mr. Patterson: In the Toronto *Globe and Mail* of April 16, 1956 there was an article headed, "U.S. Students are Surprised by Antagonism", which reads in part as follows:

> Biggest surprise to University of Rochester students is Canadian antagonism to Americans.

I am not going to read any more because my time is almost gone and I have one or two other things to say. I say that it seems as though there are a great many more who are joining in the chorus of anti-Americanism and I ask the question: What is behind it all? We hear a great deal about the development of the Soviet economy and the tremendous strides being made in that country, and it would appear that the attitude that so many are taking today would have the effect of sabotaging our own development in Canada. I do not think that is what we want at all. I do not believe it is what we desire.

Of course we prefer that Canada be developed by Canadians and by Canadian capital, but let me say again that the government consistently refuses to adopt policies whereby the nation's credit could be used for these purposes. Nevertheless, development there must be. We have had it pointed out that Canadians will not invest. The hon. member for Macleod (Mr. Hansell) referred to proceedings in the railway committee where it was learned that only $2 million out of $143 million was offered by Canadian insurance companies for the financing of a railroad construction project.

If Canadians will not invest, if the government will not act, then what is the alternative? I believe that continued development is both desirable and essential and, as I said, much as we prefer Canadian development of Canadian resources, if that is not possible and the government refuses to adopt policies that will encourage Canadian investment then I believe that we should be prepared to welcome foreign capital in Canada.

I should like to call attention to the *Financial Post* of March 17, 1956. Here on the front page of one of the sections of that paper we find the following under the heading "The Prancing Prosperity of Canada's West Coast":

> A $220 million expansion program in the pulp and paper industry.
>
> First full year's construction on the $152 million Westcoast Transmission gas pipe line.
>
> Record exploration and development program getting under way in the Peace river gas and oil fields.
>
> One of the biggest prospecting drives in the province's colourful mining history.
>
> A stepped-up flow of foreign capital into the province with U.K., German, French and Italian moneys leading the parade.
>
> A $100 million road and railway building program.
>
> An $85 million power development program.
>
> Further $55 million expenditure on the expanding aluminum development at Kitimat-Kemano.
>
> $15 million construction program on the province's first two major chemical plants.

The article is by W. L. Dack and reads in part as follows:

> Government, with a new boldness of concept, is directing record capital outlays to push communication and transportation services into all parts of the country, to facilitate the big undertakings, bring a new degree of cohesion to the province and all that is taking place therein. Foreign investment capital, more aggressive now than at any time since end of world war II, has eager eyes on the fast developing British Columbia scene. U.K., German, Swiss, French, Italian, Belgian interests all see investment opportunities developing here that couldn't be paralleled anywhere else in the world.

That is under a Social Credit government. Because of the confidence that business has in the Social Credit government all these industries are entering into the picture and making these tremendous investments. I should like to call attention to an article in the Montreal *Gazette* of Tuesday, April 17, 1956, headed "Foreign Money Welcome Here, Beaulieu Says". The article reads in part as follows:

> "We have not enough venture capital in Canada to develop our resources. We welcome capital from abroad. It gives us employment which we would not otherwise have. Foreign capital, in fact, represents our livelihood", said Mr. Beaulieu.
>
> He said foreign investment is becoming more diversified, both in its source and in the type of investment. "We used to get our foreign capital from the United States in the form of investment in our resources industries", he said. "Now we are getting capital from Britain for a new aluminum company and from Belgium in the refining industry and now the tobacco industry."

This indicates, Mr. Speaker, that we are receiving capital not only from the United States of America but from the European countries as well. Finally, I do not say that we should not consider the other side of the

picture. I do not say that Canadian industry and resources should be turned over to foreign interests.

An hon. Member: That is what is happening.

Mr. Patterson: I do say that in the development of our resources the value of past foreign investment should be borne in mind and that with adequate safeguards future foreign investment should be welcomed.

Mr. John Decore (Vegreville): Mr. Speaker, first of all I want to compliment the Minister of Finance (Mr. Harris) on having brought down for the benefit of the people of Canada a budget which is not only sound but realistic. I have listened with a great deal of interest to what has been said by the hon. member for Fraser Valley (Mr. Patterson) and I share his desire. I should like to see increases made in old age pensions and our other social security benefits. I should like to see a widening of our social security benefits. However, there is always a limiting factor and that factor is the ability to pay. There is no magic formula by means of which the money can be raised. In spite of all the fancy theories we hear as to how the money can be raised, we know that the money can only be raised by taxing the people of Canada and there is a limit to how far you can go in taxing the people.

I am sure that the minister would like to see a reduction in the taxes imposed at the present time if that were only possible. But let us not forget that this year, as we have in the last number of years, we are appropriating nearly $2 billion of our budget for national defence or, in other words, more than 40 cents out of every dollar raised through taxation from the people of Canada by the government goes for national defence. We must be realistic. In view of the international situation, we must take these steps in order to preserve peace. Once we feel that we can safely reduce our expenditures on national defence then, of course, we can very easily reduce taxes and at the same time widen the benefits in the social security field.

I am hopeful that the time will soon come when, without endangering our national security, it will be safe to reduce our expenditures on national defence and thereby to reduce taxes while at the same time increasing our social security benefits. I believe we have in this country one of the finest programs of social security in the world. That this government is social security minded is indicated by the fact that, apart from other social security measures, in 1948, a program of national health was commenced. Now the federal government, in conjunction or cooperation with the provinces, is endeavouring to introduce a health insurance scheme.

At this time, Mr. Speaker, I should like to draw to the attention of this house and especially to the attention of the government a matter which I consider to be of great concern in the prairie provinces, especially Alberta, the province from which I come. I wish to make reference to the freight rate structure and to some of the recent manipulations of the railway companies which, in my opinion, have had an adverse effect on our Alberta economy. Hon. members will recall that in 1951 the royal commission on transportation known as the Turgeon commission, after sitting for some two years, came out with a 200,000-word report. This commission was concerned mainly in reporting on methods for equalizing freight rates in all parts of Canada. The reason that the government decided to have this commission appointed was mainly the complaints that were made from the maritime provinces and the prairie provinces. The prairie provinces and the maritime provinces felt that there was unfair and unjust discrimination with regard to freight rates. Among other things, the recommendation of this commission had the effect of creating a new deal in rail freight rates throughout Canada. There was wide equalization with the aid of a $7 million a year subsidy. It was felt that rarely if ever have complainants under confederation won so notable and justifiable a victory as did the prairie and maritime provinces under the Turgeon report. I feel that such a victory could hardly have been possible without the silent acquiescence of the two central provinces, namely Ontario and Quebec. They did not even appear before this commission or give evidence. If they had appeared before it they would have had to defend the recognized discrimination in their own favour. Hence this recommendation of the Turgeon commission was hailed in many quarters throughout Canada as a great step towards national unity.

We realize that the geography of this country provides an extremely difficult problem with regard to national transportation. It is difficult to overcome all the disadvantages or to eliminate all discrimination. The three prairie provinces in particular suffered a great deal because of their geographic position, their distance from markets, their distance from manufacturing centres and a small population. We in the three prairie provinces have hardly a self-sustaining population. Of the several complaints that were made by the prairie provinces before this commission made its report—especially by the

province of Alberta—the most bitter complaint was with regard to this old rate system. Under that old rate system it cost far more to ship many classes of goods to Edmonton or Calgary than it did to ship them an additional 600 miles through the extremely difficult terrain of the Rocky mountains to Vancouver. The railway companies gave special low rates to the Pacific coast ostensibly to meet water transport competition. It was felt that the particular loss of revenue which the railway company sustained had to be borne in large measure by the prairie provinces, because in the prairie provinces the railway companies had few agencies that were able to compete with them with regard to traffic. Hence the Turgeon recommendation endeavoured to do away with this abuse.

This commission recommended what was known as the one and one-third rule. Under this one and one-third rule the railway companies were forbidden to impose for shipments to Alberta a charge of more than one and one-third times the corresponding rate to the Pacific coast. This recommendation of the Turgeon commission was subsequently implemented by legislation in this parliament. In spite of this legislation and in spite of this recommendation by this commission it would appear that the railway companies were able to find a loophole in the legislation. They took the stand that the one and one-third rule applies only to general tariffs but does not apply to the so-called agreed charges. By agreed charges is meant special arrangements that are made with particular persons or groups. We now see that for some months the railway companies have been entering into agreements with eastern Canadian manufacturers whereby they allow special low rates to the Pacific coast. The result of this procedure is simply to by-pass the Turgeon commission recommendation which endeavoured to bring about this equalization of freight rates on a more equitable basis and once again we see this wide gap between the costs of shipment of certain goods to Vancouver and the costs of shipment to Alberta points.

I have here some figures that have been prepared by the Alberta Freight Bureau. Some of these give examples of how freight rates from the central provinces to Edmonton and to Vancouver compare. Of course these rates to Vancouver are all based on these agreed charges. Here are some of them. On pig iron, from Sault Ste. Marie to Vancouver, the cost is $21.80 per ton; to Edmonton the cost is $33.59 per ton. On paint and varnish ingredients, from Montreal to Vancouver the rate per hundredweight is $2.25; to Edmonton it is $3.35. On cast iron pipe, from Toronto to Vancouver the rate per hundredweight is $1.10; to Edmonton it is $2.44 or more than twice as much. On wire rods, from Hamilton to Vancouver the rate under these agreed charges is $1.20 per hundredweight; to Edmonton it is $2.80 per hundredweight; sheet metal from Hamilton to Vancouver, $1.10 per hundredweight and to Edmonton $2.30 per hundredweight; steel bars from Hamilton to Vancouver $1.30 per hundredweight and to Edmonton $3.23 per hundredweight. This is nearly three times the rate to Vancouver and yet there is this additional 600 miles through difficult terrain, the Rocky mountains.

As the Edmonton *Journal* in its editorial of March 16 puts it, in part:

> It will be seen that this new type of discrimination applies particularly to materials and semi-finished goods used in manufacturing. The effect is to hamper Alberta's developing industries in competition with those in eastern Canada, especially in their efforts to obtain access to the big British Columbia market. Apart from the injury to existing firms, there is no doubt that the freight rate situation has helped to discourage a number of concerns which had planned to establish new industries in Alberta.

My concern, as well as the concern of the people of Alberta, is how far this is going to go and how wide a gap is going to be opened up. The one and one-third rule which has been recommended by the Turgeon commission is now becoming meaningless by virtue of the position taken by the railway companies. We in Alberta feel that this is downright discrimination; it is both unfair and unjust. It is my submission, Mr. Speaker, that every consideration should be given to bringing the so-called agreed charges now established by the railways under the one and one-third rule.

Mr. John B. Hamilton (York West): This afternoon, Mr. Speaker, I was approached by the hon. member for Waterloo South (Mr. White) who asked me how long I was going to speak tonight and I was reminded of my experience in the courts and the frustration of waiting for cases to be heard. I was thinking though, Mr. Speaker, if I might make a suggestion, that certainly we have all felt that the rules in connection with the debate on the address in reply to the speech from the throne and the budget address have been a great improvement over the rules in previous years. However, I am wondering if instead of allotting the number of speakers by parties it might not be an improvement if each party were allotted a specified amount of time and given the privilege of working out within that amount of time the number of speakers who desired to take part in the debate. I feel there are a great many of us who would be quite content to speak for 15 or 20 minutes

and in that way enable perhaps 15 or 20 more speakers to participate in this most important discussion.

I am not going to take very long tonight and there is a reason for that. I think you are all waiting to hear the first effort of the new member for Temiscouata (Mr. St. Laurent). Let me say that since I am not following him in the debate I will not be able to congratulate him on his effort, but I can say that I sympathize with him at this time because everybody has had to go through this ordeal at some time or other in his career. I should like to say as well that it would give me a great deal of pleasure tonight to make one of those speeches that are sure to catch the headlines. Like the hon. member for Fraser Valley (Mr. Patterson), if I could not stop all the money that is going to the Minister of Finance (Mr. Harris) I should like to give it all away after it gets there. Unfortunately, it is not possible for me to say I should like to double all the social security features. I cannot talk tonight about planes for Israel, magazine taxes or United States investment, but I do believe I have something to say about a problem which exists at the grass roots level. It is one which is being studiously avoided by this house, and that is the problem facing municipalities in connection with their financing. You know, this comes as a surprise to me because if one looks at the parliamentary guide one finds so many members in this house who have had lengthy experience on municipal councils, but apparently when they get to this lofty position in the senior government they forget all about the problems that they left at home.

I think perhaps I should not use the expression "senior government" because that does not give a true picture of the spot these municipal councils occupy in our governmental setup. The members of these municipal councils, in their sphere, are just as capable and as well qualified to deal with those problems as we are to deal with ours. They face the same number of problems and just as great problems as we do here. However, to paraphrase Mark Twain I would say that everybody talks about the municipalities but nobody does anything about them. The hon. member for York Centre (Mr. Hollingworth) spoke to me just a few moments ago and said he was going to look after the interests of that particular part of the province. I am quite sure I can say to the hon. member tonight that anything I say about York West is equally applicable to his riding, and his problems there are just as important as ours. When I talk about these problems tonight I do not want to restrict myself in any way to the particular riding I represent because I feel if you do that in this debate you are abusing the privilege of taking part in it.

Municipal governments as we know them in this country, and perhaps particularly in Ontario, have reached the breaking point, yet the higher levels of government appear totally unconcerned. The chief occupation of the higher governments at the moment appears to be to hold conference after conference, issue statement after statement, but not to do anything while allowing the municipalities to continue sinking. The plain truth of the matter, Mr. Speaker, is that realty taxes cannot begin to cope with the demands made upon municipal treasuries. This is most important in connection with education costs. In an expanding economy in which it is called upon to provide increasing services the municipality, with its narrow tax base, simply cannot perform its proper functions. The responsibility for applying remedies lies with the senior levels of government, and when I say that I mean provincial governments as well as the federal government.

It is cold comfort for the municipal taxpayer, saddled as he is with these crippling taxes, to listen to his representatives in the provincial house or this house extend condolences and drip crocodile tears while doing nothing to ease the strain. The home owner has had to foot the bill just like a milch cow, and up to now he has been an uncomplaining animal who gives and gives because that is what he has always done.

The federal government brings in hundreds of thousands of newcomers to this country. We all agree that we need them; but immediately they step off the boat and immediately they get their first pay cheque this government takes a big bite for its own tax purposes. The federal treasury receives the revenue and the municipality gets the headaches. It is high time that all governments took a long look at the problem of education costs and divorced them entirely from real estate taxes. The cost of education should be redistributed on a more equitable basis in order to get the home owner off the hook. Buck-passing has become a fashionable pastime, Mr. Speaker, in this connection but the time may not be far off when an aroused public will demand more than talk. Municipal governments need help, and they need it desperately; but there seems little awareness of the gravity of the situation on the part of this government or of other senior levels of government. Municipal governments are the poor relatives trying to exist and provide for a family that grows and grows and whose wants become greater and greater. Unless there is help, the education system in

Ontario, Mr. Speaker, particularly in the metropolitan area of Toronto, faces a breakdown.

I am not going to quote from any lengthy articles or editorials, Mr. Speaker. I am sure that you have been subjected to enough quotations today. I saw a couple of articles just the other night in the *Evening Telegram*. One article was written by Arthur Spence and appeared in the Toronto *Telegram* entitled, "Fight About Schools". In the same paper there was an editorial entitled "Frills and Essentials". But, Mr. Speaker, it is boiling down to this. The provincial treasury does not have the money to pass on to the municipalities. It has had to provide some cuts in expenditures in order to carry on on an equalized basis from one municipality to the other. In order to do that, such items as domestic science classes, gymnasiums, manual training rooms, are now required to be dropped from school plans if there is to be any new school building in the area of greater Toronto. I leave it to you, Mr. Speaker, and to hon. members, to consider whether items such as these can be classified as frills. And yet, if the financial problem is left the way it is those types of facilities may be dropped from new school construction.

Is there an answer in increased realty taxes? I doubt it very much, sir. This problem exists all over, but I should like to illustrate it to you tonight to indicate to you the seriousness of the situation. I hold in my hand the New Toronto *Advertiser*, a paper with the largest weekly circulation in the province of Ontario. I should like you to look at these headlines. "Frustrate Tax-Control Bid". The following week this headline appeared "Fight 30 Per Cent Tax Hike". "Widow Urges Tax Strike, Many Consider Selling". If the people at this level are beginning to talk about tax strikes, then I think we should realize the situation. The following week this headline appeared: "Tax Prospects Frightening". The heading on the inside part of the paper is as follows: "Higher Long Branch Taxes Force Widow to Sell. Can't Pay Extra 10-Mill Boost to Improve Roads".

I do not know about the Minister of Finance, Mr. Speaker; I do not know whether he has all the money which he should have to meet all of the new types of requests that we are going to make if the suggestion of the hon. member for Fraser Valley (Mr. Patterson) is acceded to, but if the tax structure breaks down at the base, then the welfare payments are not going to be forthcoming at the top.

Our party has considered and has made recommendations at various times as to what might be done in connection with this situation. As far back as 1952, in our amendment to the address in reply to the speech from the throne, the following words were included:

> To reach agreement with the provincial governments in regard to clearly defined reallocation of taxing powers so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly increasing responsibilities.

A clear measure of the responsibility and the necessity of help which is required by the municipalities. I am wondering whether any honest approach has really been made to this problem? Is it a continuation of this taxing authority saying to the provinces, "That is your responsibility", and the provinces saying, "We need more money from you in order to do the job."

I do not think I need to apologize in connection with this suggestion because I understand it was made by the premier of Manitoba. He said, in connection with the negotiations which took place here most recently between the provinces and the dominion, that around the conference table there should have been another chair for a representative of those municipalities. There is no use our saying that the municipal government is the creature of the province. There is only one dollar to be extracted from the taxpayer, and there will have to be a new method of dividing it.

A year ago in this chamber we discussed the question of changes in the Municipal Grants Act but I am sorry to say, Mr. Speaker, we did not get very far. The federal government thinks that apparently it is a pleasure for most municipalities to have federal buildings located in their districts, and that those districts should get down on their hands and knees and thank this government for being so kind. But I say to you, Mr. Speaker, that that type of construction requires the same services and requires all of the help from the municipality to maintain that any other type of construction requires. As a matter of fact, when we discussed this last year—and I think it is contained in the legislation passed in connection with the grants that were given—this government wanted to remove any assessment dealing with ornamental features on the building. I may say that the amount of money that we spend on some buildings approximates $22.50 a square foot and there must be an awful lot of ornamental features, when we talk about that amount.

I was talking to the president of one of our home and school associations, and as I walked into one of our school buildings I saw some marble walls and terrazzo floors. I said: "This looks a little nicer than when

I went to school". The president of that association turned to me and said: "Mr. Hamilton, if all the public buildings in Canada can have marble entranceways and terrazzo floors and all the carved features, then surely it is not too good to provide the same thing for the students going into our institutions". Therefore, if we are talking about economy, if we are talking about removing the frills, then we should take into consideration the removal of some of the frills from some of our own activities. What might we do? What might be the solution of this problem? First of all, I think that this government should consider paying in full on a full assessment its share of the taxes wherever it has buildings in any municipality. It seems to me that that is only right, that that is a step in the right direction.

I think we have advocated before, and we should continue to advocate, the complete removal of sales and excise taxes on purchases by municipalities. I do not know how far you can carry this, I do not know how much you want the taxpayer to pay. I mean, it is his own material going into his own institution and yet you are asking him to pay two or three times before it gets into the bricks and mortar.

Then I submit we have to do one further thing as a temporary solution in an effort to broaden the tax base. We have had a lot of suggestions—I have made a couple myself on previous occasions—as to what we might do for the real property taxpayer. I can see some reason for burdening real estate with the costs of police and fire protection, garbage collection and the provision of various services, but I cannot see the necessity of burdening it with almost the total cost of education.

One way to broaden the tax base is to allow that part of real property taxation applicable to schools or school purposes as a deduction from federal income tax. Someone may well say that we would then have to increase the federal income tax. That might be true, but at the same time it would broaden the tax base and ensure that all of those who are subject to this particular type of tax are paying their fair share. As I look at the various activities of the government I am quite satisfied that if this course were taken the Minister of Finance (Mr. Harris) could probably make sufficient saving in his expenditures to provide that type of relief without additional taxes.

It may be said that this would be only a temporary solution, and that might be so, but there is a permanent solution. The federal government in co-operation with the provinces should take over the tax situation in connection with education. Someone will say that that would be infringing on provincial rights, but this government never hesitates to move forward when it is something which politically suits its purpose. I am quite sure that it could do the job in this instance as well.

The things which I have said do not apply only to my particular area, although the problems there are great. I am sure that within the next year we will have 140,000 people living within the confines of York West. The burden of providing for institutions of education and similar facilities is becoming almost unbearable. When I refer to the problem of frills and essentials which are arising here, similar problems are arising in other ridings. I picked up a little pamphlet with reference to the election which is going to take place in Saskatchewan, I understand some time this year, and noted that they are considering the same things there. They talk of reduced taxes on property, the paying of 50 per cent of the local educational cost, the exempting of the municipalities from sales and excise taxes. I say to the Minister of Finance that these things do not apply to any particular area in Canada, they apply to Canada from one ocean to the other.

In conclusion—I understand you are not supposed to use that expression—it seems that everyone has said that there is nothing surprising about this budget. But in my very short tenure in this house I find something surprising about it. The Minister of Finance said that he hoped some of the optimism of the Minister of Trade and Commerce (Mr. Howe) would rub off on him. The surprising thing about this budget to me is the fact that it was brought in by the Minister of Finance when it might have been brought in by the Minister of Trade and Commerce because he does everything else around here.

(Translation):

Mr. J. P. St. Laurent (Temiscouata): Mr. Speaker, last fall, after the resignation of Mr. Jean-François Pouliot, as member for Temiscouata, upon his elevation to the Senate, I sought election in that constituency as the official standard bearer of the Liberal party.

Since the 26th of September 1955, I have had the honour to represent the constituency of Temiscouata in the parliament of my country. My first words are therefore an expression of deep and sincere gratitude to the electors of Temiscouata for their unequivocal show of confidence in me and for whom, since then, I feel an ever growing esteem because, more than ever, I have occasion to see them at work. In return for this mark of great confidence which they have shown me I promise to serve, as their member, with all the devotion of which I am capable.

Some time ago in this house, the hon. member for Quebec West said something about me. Having neither the ability nor the competence to discuss matters which may properly be classed as garbage, I am constrained, with deepest regret—and I apologize for it to the members of this house—to refrain from any comment regarding the speech of the hon. member.

Mr. Dufresne: It has been done already.

(*Text*):

Mr. St. Laurent (Temiscouata): Mr. Speaker, today the red shadow of communism casts its grim light over humanity and even in the drama of party battle, political leaders—unless they are to betray the trust of the people—must talk and act with a new degree of maturity. It is just not good enough for any political leader of any party in any part of Canada to sit back and enjoy the luxury of condemning what Canada is doing to help fight communism in the North Atlantic alliance or in southeast Asia.

I am not a separatist and the people of Quebec are not separatists, even though we assert with persistence the rights which were guaranteed us under the constitution. The best proof that we in Quebec are not separatists is that since confederation the majority of the members of parliament elected from Quebec have almost always been on the government side, even when the great Conservative leader, Sir John Macdonald, was prime minister of this country, which means that they have almost continually been in agreement with the majority of the members elected throughout the country.

As a Canadian citizen living in Quebec, I believe it is my duty to condemn in this house any effort to create the impression throughout Canada that Quebec is not a loyal part of the Canadian confederation. I believe that all members of this house have a right, if not a duty, to take as active a part as they can to ensure the best possible government in Canada or in their own provinces.

One of the questions that is now being asked in my province is this: "Why do we sell western surplus grain at ridiculously low prices to communist countries rather than to Quebec livestock men?" The short answer is that Quebec livestock men can buy grain cheaper in Quebec than the price charged for any Canadian grain to any other country, communist or otherwise, and Quebec livestock men do not think it is ridiculously cheap. Canada is not giving any of her surplus grain to the communist countries, nor is she selling them any bargain-priced grain that she denies her own people. We are selling our wheat at good prices, thanks to the good sense of this government.

The people of my province have been asked about gifts to other countries. There have been no gifts to any countries, apart from the Colombo plan and the United Nations technical assistance, and a few very small amounts for relief of disasters in friendly countries, some of which have helped us when we had disasters.

Another question we are being asked is, "Why do we give half a billion dollars of our income tax money to Colombo?" It is even said that nearly half a billion dollars has been thrown away on the countries of southeast Asia. To the members of this House of Commons who have voted the Canadian contribution to the Colombo plan countries during the past half-dozen years, it is not necessary to say it was no half billion dollars. The total amount voted since the inception of the Colombo plan in 1951, up to 1956, is $127,900,000.

All members of this House of Commons have agreed, as have the Canadian people, that it is necessary that Canada should join with other fortunate nations of the free world to help create conditions in these southeast Asian countries so that communism will not get control of that area with its strategic supplies.

The blunt fact is this, that in southeast Asia today there is a battle for the hearts and minds of one-quarter of mankind. The kind of world we and our children will live in may well be determined by the events in southeast Asia. The fight for the control of the world is between the communist nations and the free world. Canada has sent her dollars out to this vital economic battleground. She has sent her scientists, her engineers, her technicians out there in one of the greatest crusades in history.

Today, Canada is helping to write one of the most glorious chapters in the history of man, and yet there are a few irresponsible critics who think that this does not matter to our people. Last Saturday, April 14, the editor of the French newspaper *Le Devoir*, Mr. Gerard Filion, who visited the areas benefiting from the Colombo plan, had this to say about this great humanitarian effort:

(*Translation*):

> The Colombo plan is a joint assistance scheme of the commonwealth countries, to enable India, Ceylon and Pakistan to feed their undernourished men, women and children, who are exposed to every deficiency disease and to all epidemics that undermine the peoples of Asia.
>
> Contrary to general opinion, Colombo plan funds are not used to provide foodstuffs but to pay for the necessary equipment which will enable Indians, Pakistanians and Cingalese to produce their own food. The Canadian contribution has been used to build an irrigation and power dam north of Calcutta, to purchase farm tractors and

buses for public transportation in the province of Bombay. Each country tries to safeguard the identity of the achievements made possible by its contribution.

Altogether foreign assistance, either under the Colombo plan or under Mr. Truman's point four, has allowed India to reach the objective of her first five-year plan and to launch a second one. Of course, the objective of the first plan was a modest one: restore the Indian's diet to what it was in 1939. Now that diet amounted to 1,800 calories a day, whereas at least 2,700 calories a day are required to keep the human body in good health.

In India, 85 per cent of the population, i.e. about 300 million people, are undernourished. The everyday care is to keep body and soul together. When famine strikes in one area and public authorities lack the means or the time to send supplies, thousands of deaths occur each day. In our American cities, each morning the garbage collectors pick up the leftovers from our tables; in an Indian city struck with famine, the collectors pick up, each morning, the bodies of people who, during the night, died of starvation.

Only those who have seen India can realize to what depths of misery humanity can sink. The poorest among our poor are millionaires compared to the 60 million untouchables of India.

(Text):

No true Canadian will forget or forgive the way communists in Canada tried to sabotage the Canadian war effort in the days before Russia was attacked. Well, attempts to weaken the efforts of the free nations are just as truly attempts to sabotage a great economic and social crusade against communism.

Today the hot hells of hydrogen bombs are just 26 minutes away from places like Quebec city. Today human life is probably less secure collectively than at any time in history. Today, as never before, we need clear vision and a firm will if we are to avert the dangers that threaten us.

So today, as a very junior member of this house, and as a father who loves his children, I express the hope that all Canadians in Quebec, and in other provinces as well, measure up to the challenge of these times. In these days, when human life is probably less secure than at any time in history, surely we can all unite to support Canada's sincere efforts to build up the united strength of a free world so that it can be strong to defend itself against communism.

(Translation):

I believe that, so far, my constituency has been the only one where two prime ministers of Canada, Sir John Macdonald, and the present Prime Minister (Mr. St. Laurent), have had their summer residence. The former premier of Quebec, the Hon. L. A. Taschereau, also used to spend the summer months there.

[Mr. St. Laurent (Temiscouata).]

The Right Hon. Ernest Lapointe and the Hon. Adelard Godbout were born in Temiscouata. Thus Temiscouata is well known for its prominent men, but, unfortunately, it is not so well known to Canadian industrialists.

This is why, Mr. Speaker, many business men of my riding supported my campaign last fall, outside of any political considerations, hoping that I might be able to interest some of my business friends to visit our area, and perhaps convince them to settle there. During my campaign, I promised the voters—and it was the only promise I made to them—that I would do my utmost to have industrialists visit my riding, in the hope that they might see the advantages of settling there: a large, experienced and orderly labour force; an excellent geographical location; a link between Canada and the United States, and between upper and lower Quebec; transport facilities by sea, by land and before long, I hope, by air.

Possibly the Temiscouata electors were not entirely wrong in giving me their support, for I am happy to tell you, Mr. Speaker, that, starting in 1956, our county will share in the economic development about which the minister waxed eloquent in his budget speech of March 20 last, inasmuch as an industry which will employ between 250 to 300 people within two years is about to start operating in my county any day now.

I hope, Mr. Speaker, to deserve the confidence of my electors, of the greater majority of the members of this house, and of my party as well.

(Text):

Mr. J. W. Monteith (Perth): Mr. Speaker, I should like to take this opportunity to congratulate the hon. member for Temiscouata (Mr. St. Laurent) on his maiden speech. I should also like to state that I envy him his ability to speak in both official languages. I should really like very much indeed to be able to address the house in both languages with the facility that he possesses. Unfortunately, sir, I cannot repeat these congratulations with respect to the Minister of Finance (Mr. Harris) on his recent effort in the budget debate. In sitting back here and watching various members get up to speak in the budget debate it seems to me that we have a strange situation. Every government member seems to feel that he has to commence his speech by congratulating the Minister of Finance on a wonderful effort. I cannot quite agree with that. To me it seems to be praise that is falsely placed.

Last year, as I recall, various government speakers congratulated the Minister of

Finance on the fact that he was able to provide tax reductions. This year they seem to find room for praise in the simple fact that he did not provide any tax reductions. To me the budget is simply an unimaginative budget. It is a political budget. There is no doubt that the Minister of Finance might well have made some tax reductions this year but has seen fit to save them until some future time.

I should like to make a few remarks about my own riding. First of all, I should like to mention the plight of Ontario farmers. That has been referred to several times this session but I would repeat that I think the government should give grave consideration to remedies for the situation with which the farmer is faced. Any industry as basic as agriculture whose net income decreased 28 per cent in the period from 1951 to 1953 and a further 12 per cent in 1954 requires a great deal of consideration. This decrease, of course, has been suffered in a period when all other income has been undergoing a great growth.

When the hon. member for Oxford (Mr. Nesbitt) spoke in the debate a few days ago he dealt with this problem in great detail. I do not propose to go into the detail that he did but I would suggest that the government give close study to his remarks. I believe they require a great deal of study. On this subject I would recommend, however, that the importation of skim milk powder and cheese be allowed only on such a basis as will guarantee our producers a fair return.

I have another matter affecting my riding that has to do with C.N.R. pensions. As we all know, the C.N.R. employees have at times suffered lay-offs. These employees while suffering a lay-off are always subject to recall and if they do not respond they lose their job seniority and all other privileges. This means they cannot improve their pension position during the period of a lay-off because of course any jobs they may take have to be of a temporary nature. They cannot withdraw their pension except on complete severance from employment. These employees have a complaint and in that regard I should like to refer to page 25 of the official text of the Canadian National Railways pension plan. I should like to read clause 201 (d) which defines "allowable service" as follows:

> "Allowable service" means (i) service prior to July 1, 1942, computed and converted into months of service in accordance with the company's regulations pertaining thereto; (ii) service on or after July 1, 1942, on the basis that one month's service shall be allowed for any month during which any service has been rendered to the company in respect of which salary or wages have been paid; and (iii) such other service as may be recognized under these rules or as may be specially authorized by the directors hereafter, converted into months of service.

In conjunction with that I should like to read the applicable part of clause 205 which is found on page 27 of the same booklet. That part reads as follows:

> 205. (1) Every member who entered the service before attaining age forty-five and who remains in the service until normal retirement date under these rules shall be granted a pension, payable monthly, the annual amount of which shall be his average annual salary or wages for the five or the ten years of his allowable service next preceding retirement, whichever is the larger, multiplied by the following percentages:
>
> One per cent for each year of allowable service up to 20 years.
>
> One and one-quarter per cent for each year of allowable service during the next ten years;
>
> One and a half per cent for each year of allowable service over 30 years.
>
> Twelve months of service computed as mentioned in clause (d) of rule 201 shall constitute a year of allowable service, and part of a year shall be computed proportionately.

It is my understanding, Mr. Speaker, that if an employee is laid off in that last five or ten years, after having had many years' service, it can well mean a reduction in the percentage applied to average salary or wages to arrive at his pension. I understand the employees would like the opportunity of personally making up their contributions to the trust fund during any period of lay-off. This request does not seem at all unreasonable to me, particularly as during any lay-off period the employees are handicapped in securing other employment. I would simply suggest that the Minister of Transport look into this matter and advise correction of any injustice there may be.

I should like to return to the budget for just a moment. The Minister of Finance said that he was proposing to make deductible for tax purposes the expenses of professional people and others incurred in attending two conventions annually in Canada. I cannot agree that this is reasonable. I do not see any reason why one of these conventions at least should not be outside of Canada. I am simply going to take the case of a doctor, and I am assuming that this legislation is probably being brought forward as the result of a tax appeal board case some few months ago. I am thinking of a doctor who, for instance, goes to New York to attend a convention. I have known such instances where doctors have gone to conventions there and have attended study classes eight hours a day for a whole week. They may have gone to a musical comedy at night. I do not doubt that they did, but I do not think they have tried to charge those expenses.

However, I feel that when the doctor comes back to Canada he is in a position to earn more income on which he is going to pay taxes. On top of that, I think he is much better prepared to look after the illnesses

of Canadian citizens. It only seems reasonable to me that he should at least be allowed one convention in the United States. The minister's proposal definitely stipulates two conventions annually in Canada. I suggest that the minister give that matter consideration.

Incidentally, Mr. Speaker, I understand from an answer by the Minister of Finance on the orders of the day today that income tax amendments are going to be brought down shortly. I may have more to say about income tax at that time, but at this moment I should like to mention the proposed magazine tax. I think it should not be considered at this time. It is discriminatory. If these magazines should add to their advertising rates the 20 per cent tax that has been suggested I see no reason why advertisers would not in turn reduce their advertising budgets or have less money left to spend on strictly Canadian magazines. It seems very logical to me.

Furthermore, Mr. Speaker, I do not believe in trying to legislate as to what people should read except that I too believe that some of the trash on our newsstands should be done away with. This tax appears to me to be a special tax on a special group. It is a special form of government interference in the magazine business. Mr. Speaker, I recall that during my first session, or at any rate during my first period in the house during which there was a budget debate, the spring of 1954, Hon. Douglas Abbott, when he was minister of finance, proposed a tax on farm mutual fire insurance companies. Before the debate was concluded he saw fit to reverse his opinion on that matter and withdraw the proposal. I am suggesting to the Minister of Finance (Mr. Harris) that it is not too late to withdraw this proposal of the suggested 20 per cent tax on advertising in certain magazines, which might well be the forerunner of a tax on free speech.

I just wish to say a word about direct investment in Canada by foreign capital. To use the words used in Vancouver yesterday I believe this has been "definitely beneficial rather than detrimental" to Canada. Is it not time, however, to consider ways and means of providing for greater participation by Canadians in the expanding economy of our country? Let me point out that we have no capital gains tax in Canada whereas there is such a tax in the United States. I think this is quite an encouragement in itself to United States capital investment in Canada. The Security Analysts Association of Toronto presented a brief to the royal commission on Canada's economic prospects. They point out that section 106 of the Income Tax Act appears to be the crux of the matter. I would also mention, of course, that the reciprocal tax convention of 1951 enters into the situation. Those two matters, section 106 of the Income Tax Act and the reciprocal tax convention of 1951, amply illustrate that if a foreign corporation operates a subsidiary and allows no Canadian shareholders, the withholding tax on dividends going out of Canada is 5 per cent. If it permits less than 5 per cent ownership by Canadians, the withholding tax is still 5 per cent. If it permits more than 5 per cent participation by Canadians, the withholding tax jumps to 15 per cent. That simply means that the withholding tax is three times as great if more than 5 per cent of the ownership is Canadian.

I should like to review briefly the four types of companies to which I am going to refer. I could give examples actually of these types of companies but I do not think that is necessary. First there is type 1. This type of company has been founded as a branch of a foreign corporation. There is no Canadian interest. Canadians can invest only by buying shares of the parent foreign corporation. They would then have only a small interest in the Canadian operations as compared with the over-all operations. Dividends to Canadians from holdings of the parent company would suffer withholding tax by the foreign country. Canadians would also lose the 20 per cent credit for tax purposes on these dividends from foreign holdings. To me, Mr. Speaker, this is not altogether an attractive proposition.

Then there is type 2. These are companies in which Canadians held minority interest and have been bought up by foreign parent corporations. This to me seems like the wrong trend. It has the effect of reducing former joint undertakings to the stature of branch plants. The tax situation is the same as that in type 1.

Then there is type 3: These companies were at one time largely Canadian owned companies and were bought out by foreign interests. The tax situation in this type 3 is the same as that in type 1 after this move has been taken. There is not any new industry but the tax laws have encouraged this move.

Type 4: Companies whose voting stock is owned by foreign interests but whose senior financing is done in Canada. If senior financing takes the form of debentures or bonds the interest on such is deductible from company earnings for tax purposes. Income from such interest to Canadian holders is not subject to the 20 per cent dividend credit. Actually the dividend tax situation is the same. The withholding tax situation is the same as that in the other types.

I understand a brief has been presented to the royal commission on Canada's economic prospects, the so-called Gordon commission, pointing out that there are certain

foreign corporations carrying on their entire business in Canada whose profits are taxed in a manner similarly to that in which the profits of Canadian companies are taxed but there was no withholding tax on the movement of profits out of Canada. I should like to point out that I welcome foreign investment in Canada but that there appear to be certain inequities. I would suggest a full review of the withholding tax structure in order to determine the volume of Canadian investment in Canadian corporations. I would hope that this review would result in ownership securities being available to Canadian investors. Instead of the withholding tax becoming lower as Canadian investment decreases, it might well be the other way. The present withholding tax structure encourages more and more foreign domination. From a straight dollar point of view the present withholding tax structure discourages United States corporations from permitting Canadian participation and our national revenue department receives only one-third of what it might receive on dividends going out of Canada. I suggest that a real study should be made of the problem as the tax structure may not be the only angle to be taken into consideration.

I should like to bring to the attention of the house the situation with regard to Aluminium Limited. The Canadian shares were purchased by the United States parent company and were issued to United States shareholders. Eventually some of these shares were in turn purchased by Canadians and Canadian interests now hold some $300 million of the equity stock of this company. It seems to me that a worthy thought might develop if a study is really made of the whole situation.

I have made some calculations here. They are based on the figures taken out of this booklet entitled "Canada's International Investment Position, 1926-1954" and issued by the dominion bureau of statistics. I should like to point out that at page 75 of this book the direct investment of the United States in Canada is given—that means investment in equity holdings; it does not mean in government bonds or that sort of thing—as $5,740 million. At page 73 the direct investment of Canada in the United States is given as $1,256 million. I am reducing that $1,256 million by approximately one-third as at page 50 of this book it is stated that the equity of Canadian residents in the direct investment abroad at the end of 1954 was less than two-thirds of the total investment from Canada. I am taking the United States position but it is less than two-thirds of the total investment from Canada. In other words, some of these Canadian holdings abroad are in turn owned by foreign investors. As a result there is estimated to be one-third off total holdings of Canadian investment to arrive at the net Canadian picture abroad. So reducing the $1,256 million by $416 million in round figures we come to a net investment by Canadians in the United States of $840 million. I am going to deduct that $840 million from the figure of $5,740 million mentioned previously as United States direct investment in Canada. This gives you a net figure of excess investment by the United States in Canada of $4,900 million. I am presuming that there is probably a 5 per cent dividend paid on this $4,900 million which would equal $245 million; that is a dividend paid on this excess $4,900 million invested in Canada. A 15 per cent withholding tax on that would amount to $36,750,000. A 5 per cent withholding tax would amount to $12,250,000. In other words, as between a 5 per cent withholding tax and a 15 per cent withholding tax there is a difference of $24,500,000. I simply present these figures, Mr. Speaker, to indicate that we may be losing out on some tax revenues as well as discouraging the participation of Canadian industry. Incidentally, this $24,500,000 approximately equals our donation to the Colombo plan—at least up until this year.

In closing, sir, I would repeat that foreign capital investment in Canada's future has been definitely beneficial rather than detrimental. But let us examine the situation as it exists today quite closely. Surely, it is time we took a look at this picture. I know that time is running short and there is a member on the government side who would like to say a few words. I understand that actually he is supposed to be making a Tory speech. I hope that in the very few moments left he does not change his mind and vote for the government.

Mr. A. W. A. White (Waterloo South): In rising to take part in this debate, Mr. Speaker, I would first like to congratulate the Minister of Finance (Mr. Harris) on the very able and realistic manner in which he has handled his department. The year 1955 was undoubtedly one of Canada's most prosperous years, and in my mind there is no doubt that the tax adjustments made by the minister last year, the effect of many of which will not be felt until this year, were responsible in no small way for the economic recovery that took place in this country. However, in spite of this great national prosperity there were some sectors of industry and agriculture which did not fully share in that prosperity. If Canada is going to maintain its present level of prosperity, then this increased business activity must accrue to the benefit of all sectors of the economy or else those sectors

which did not share in it must be assisted by government intervention.

It was for that reason I had no hesitation in supporting government legislation introduced at this session to assist western wheat farmers. It is also for that reason that I congratulate the Minister of Agriculture (Mr. Gardiner) and the government on maintaining and continuing floor prices on butter, which I feel have helped the Canadian dairy industry. I should, however, like to draw to the attention of all hon. members of this house, and particularly the Minister of Finance, the depressed condition of the wool cloth industry in Canada. It is one of those industries in which I believe government intervention is not only necessary but justifiable.

The wool cloth industry is one of the oldest industries in this country and a large number of factories are located in small towns and villages where they are the main source of employment. A good example of this is Dominion Woollens and Worsteds plant in Hespeler, a town of approximately 3,600. Up until the year 1950 this factory employed over 1,300 persons, whereas today there are only 552 people employed and some of them are on short time. Between the years 1949 and 1950 employment in the Canadian wool cloth industry dropped from 10,500 to 6,000, a reduction of 43 per cent, and 17 factories closed their doors. Between 1954 and the present time five more textile mills, two of which were wool cloth factories, have ceased operations. The chief factor which seems to be slowly but surely eliminating the wool cloth industry in Canada is competition with imported fabrics from the United Kingdom where wage rates are substantially lower than in Canada.

There may be some who have the idea that the Canadian wool cloth industry is over-expanded and inefficient. In answer to that let me say that between the period 1945 and 1949, with full employment, the Canadian wool cloth industry was only able to supply 68 per cent of the domestic market. In the postwar years the industry spent over $35 million in plant and equipment. A recent survey indicates that there is a greater percentage of automatic equipment in use by the industry in this country than there is in the United Kingdom, so the industry is modernized and efficient. According to the latest information available the Canadian wool cloth industry is paying 2½ times the wages that are paid in the United Kingdom. Since the cost of raw material is basically the same in both countries, as it is controlled by world prices, and since Canada has a higher productivity now through the use of a greater percentage of automatic equipment, we are forced to the conclusion that the wide differential in wages is the major factor contributing to the loss of the domestic market by the Canadian wool cloth industry to British imports. There does not seem to be any immediate likelihood of narrowing the gap in the wages paid unless the value of the pound improves in relation to the Canadian dollar, and the possibility of that happening is very remote because England deliberately devalued her currency to gain access to world markets.

One must, therefore, look to some other solution to the difficulties that are besetting the Canadian wool cloth industry. In May 1954 Mr. Abbott, the then minister of finance, as a result of numerous representations made by the Canadian wool cloth industry, directed the tariff board to make a study of all relevant information concerning the Canadian wool cloth industry. He particularly directed them to examine tariff item 554b, with particular reference to the maximum under that item. I should now like to give to the house an outline of the background of tariff item 554b, which undoubtedly is one factor which has enabled the United Kingdom to take over the wool cloth market in Canada.

In the year 1935 there appeared for the first time a maximum British preferential duty on wool cloth coming into Canada. The particular tariff item provided for an ad valorem duty of 27½ per cent and a specific duty of 17 cents per pound, with the proviso that the sum total of these two duties was not to exceed 65 cents a pound. The establishment of British preferential maximum duty of 65 cents per pound was the result of a recommendation of the tariff board, based on its findings that cloths, both woollens and worsteds, selling in England at a price of $2 or more per pound, were not within the range of economical manufacture in Canada. In other words, the tariff board recommended that a ceiling be placed on the duty for high-priced specialty fabrics such as those used by custom tailors, and in this way restricted Canadian production to a range of cloth in which it was most efficient.

Raw materials and conversion costs were much lower in 1935 than they are today, and the average price of imported fabrics was only $1.02 a pound. Therefore, it can be readily seen that the maximum duty applied to only a very limited and special range of cloths.

This tariff item was revised in 1937 and again in 1948, and the duties were reduced

from 27½ per cent to 20 per cent ad valorem. The specific duty was reduced from 17 cents to 12 cents per pound and the maximum was reduced to 50 cents per pound. The conversion costs of raw materials were much lower in 1935 than they are today.

Mr. Speaker: The Clerk has just informed me that it is is now 9.45 p.m. In compliance with the provisions of standing order 58, paragraph 6, it is my duty to interrupt the proceedings and forthwith put the question on the main motion.

The main motion is the following one:

Mr. Harris, seconded by Mr. Pearson, moves that I do now leave the chair for the house to resolve itself into committee of ways and means.

Those who are in favour of this motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

The house divided on the motion (Mr. Harris) which was agreed to on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Ashbourne
Balcom
Batten
Beaudry
Blanchette
Boisvert
Bonnier
Boucher
Bourget
Bourque
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Caron
Carrick
Carter
Cauchon
Cavers
Cloutier
Crestohl
Dechene
Decore
Denis
Deschatelets
Deslieres
Dickey
Dupuis
Eudes
Eyre
Fairey
Follwell
Fontaine
Forgie
Fraser (St. John's East)
Gardiner
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Goode
Gour (Russell)
Gourd (Chapleau)
Habel
Hardie
Harris
Harrison
Healy
Hellyer
Henry
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacKenzie
MacNaught
Macnaughton
McCann
McCubbin
McCulloch (Pictou)
McIlraith
McIvor
McMillan
McWilliam
Mang
Marler
Martin
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (Quebec South)
Power (St. John's West)
Proudfoot
Prudham
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rochefort
Ross
Rouleau
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Shipley, Mrs.
Simmons
Sinclair
Stick
Stuart (Charlotte)
Tucker
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)
Winters—140.

NAYS

Messrs:

Argue
Balcer
Barnett
Bell
Blackmore
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Dinsdale
Drew
Dufresne
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gillis
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Lennard
Low
Macdonnell
MacLean
McBain
McGregor
McLeod
Mitchell (London)
Monteith
Montgomery
Nesbitt
Nicholson
Nickle
Patterson
Perron
Poulin
Quelch
Rea
Regier
Robinson (Bruce)
Rowe
Smith (Battle River-Camrose)

Stanton	White (Hastings-Frontenac)
Stewart (Winnipeg North)	White (Middlesex East)
Thatcher	Wylie
Tustin	Zaplitny—69.

WAYS AND MEANS

The house in committee of ways and means, Mr. Robinson (Simcoe East) in the chair.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the resolution with respect to the trade agreement with Russia and then the trans-Canada highway.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. PENSIONS

Question No. 120—**Mr. Purdy:**

1. Has consideration been given by the government or the Canadian National Railways to making the pensions of retired male Canadian National Railways employees covered by the Intercolonial and Prince Edward Island railways employees' provident fund act applicable to their widows?
2. If so, what decision has been arrived at?
3. If not, will the matter be studied and reported upon?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

Consideration has been given, and action has been taken to accord contributors to the Intercolonial and Prince Edward Island railways employees' provident fund the opportunity to transfer to the Canadian National Railways' pension plan and thus place themselves in the same position with respect to pensions and survivor benefits as other Canadian National Railways employees, but no such action has been taken with respect to pensions of retired male employees of the Canadian National Railways covered by the provident fund.

INCOME TAX—CORPORATION DEDUCTIONS

Question No. 323—**Mr. Knowles:**

1. For the latest year for which the information is available, what was the total amount of money for which deductibility from corporation income tax was claimed by corporation income tax payers with respect to donations, contributions to approved charities, and similar claims?
2. For the same year, what was the total amount allowed as deductible? If a precise figure is not available, what is the estimated figure?
3. For the same year, how much less money was received by the federal treasury from the corporation income tax than would have been the case if such deductions had not been allowed?

Answer by: **Hon. J. J. McCann (Minister of National Revenue):**

1. No statistical information is available as to the total amount of charitable donations claimed by corporations as a deduction from income in any recent taxation year. However, in respect of 48,350 corporation income tax returns analysed for the 1953 taxation year, it has been ascertained that 33,972 profit corporations have reported total charitable donations of $24,632,000 and that 14,378 loss corporations have reported total charitable donations of $1,695,000.

2 and 3. No statistical information available.

Questions

BLINDNESS ALLOWANCES

Question No. 324—**Mr. Van Horne:**

What action, if any, has been taken by the government to provide handicap allowances, without a means test, for our blind people?

Answer by: **Hon. Paul Martin (Minister of National Health and Welfare):**

Since January 1, 1952, blind persons over the age of 70 years have been entitled to receive federal pensions under the Old Age Security Act without a means test. As of that date persons over the age of 70 years receiving pensions in respect of blindness under the Old Age Pensions Act were transferred to the administration of the Old Age Security Act. Other blind persons over the age of 70 who were not eligible to receive pensions in respect of blindness under the Old Age Pensions Act on account of the means test in that act could qualify for pensions under the Old Age Security Act by making application to the proper federal authorities.

The Blind Persons Act provides for the payment of allowances, subject to a means test, to persons who have attained the age of 18 years. Since the Blind Persons Act came into force on January 1, 1952, the maximum amounts of income allowed have been increased from $840 a year to $960 a year in the case of an unmarried person and from $1,320 a year to $1,560 a year in the case of a married person. Where both spouses are blind the amount has been increased from $1,440 a year to $1,680 a year.

When provision was first made for pensions in respect of blindness by an amendment to the Old Age Pensions Act in 1937, the maximum income allowed in the case of an unmarried person was $440 a year and in the case of a married person, $640 a year. These amounts were increased in 1944 to $500 and $700 a year. By amendments to the Old Age Pensions Act in 1947 the maximum amounts of income were again increased to $720 in the case of an unmarried blind person, $1,200 in the case of a married blind person with a sighted spouse and $1,320 in the case of a married blind person with a blind spouse. As explained above these amounts were increased by the Blind Persons Act to $840 a year in the case of an unmarried person, to $1,320 a year in the case of a married blind person with a sighted spouse and to $1,440 a year in the case of a married blind person with a blind spouse. The various increases in the maximum amounts of income allowed have had the effect of relaxing the means test very considerably over the years since blind pensions were first established in 1937. These

progressive changes are shown in tabular form below:

	1937	1944	1947	1952	1955
Unmarried person	$440	$500	$ 720	$ 840	$ 960
Married (1 blind) ...	640	700	1200	1320	1560
Married (both blind)			1320	1440	1680

MOTOR VEHICLES—USE OF OIL

Question No. 330—**Mr. Argue:**

1. How many (a) automobiles; (b) tractors, were there in Canada in the last year for which statistics are now available?
2. What was the quantity of lubricating oil used in that period?
3. What are the terms of the licence issued from the national research council for the manufacture and sale of the oil-saving device that the council developed?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

1. (a) Registrations of motor vehicles in Canada, 1954:

Passenger cars	2,688,465
Commercial vehicles	918,459
Motor cycles	37,665
Total motor vehicles	3,644,589

(b) Information not available. The 1951 census reported 399,686 tractors on farms.

2. Sales of lubricating oils in Canada during 1954 amounted to 80,429,979 gallons of which 49,636,054 gallons were for motor transport and tractor use.

3. This is a non-exclusive licence, and as current negotiations are proceeding with other prospective licencees, it is not in the public interest to disclose the details of the current licence at the present time.

T.C.A., MANITOBA—SERVING OF LIQUOR

Question No. 333—**Mr. Knowles:**

1. Did Trans-Canada Air Lines request the Manitoba liquor inquiry commission for approval of the serving of liquor by the glass on scheduled passenger flights?
2. If not, did Trans-Canada Air Lines make such a request to some other body which in turn placed it before the said Manitoba liquor inquiry commission?
3. On whose responsibility was such a request made?
4. Was the making of such request in line with government policy?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

1. Yes.

2. Answered by No. 1.

3. The management of Trans-Canada Air Lines.

4. No question of government policy is involved as the request was made by the company on the advice of counsel who were of the opinion that such a request should be made to avoid the possibility that the company might be debarred indefinitely from serving alcoholic beverages.

C.N.R., NEWFOUNDLAND—LAY-OFFS

Question No. 379—**Mrs. Fairclough:**

1. How many employees of the Canadian National Railways have been laid off since January 1, 1955, in the province of Newfoundland?
2. For what reason?
3. What was the length of service in each case?
4. How long a period of employment has each to work until retirement with pension would have occurred?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

The management of the Canadian National Railways advise as follows:

1, 2, 3 and 4. Seasonal employment and resultant lay-offs at termination of seasonal programs have a substantial effect on figures relating to the strength of working forces, and the assembling of information as to lay-offs would necessitate the assignment of special staff to examine numerous staff records. It is not ascertainable if employees have had their employment permanently severed, because there are employees on seniority lists who are recallable as required. Such employees may also exercise their seniority to take positions on other parts of the system to the extent the labour agreements permit. Lay-offs, when made, are strictly in accordance with the seniority principles prescribed in the agreements with the various employees' organizations.

The average level of employment in the Newfoundland district for the month of January, 1955, was 4568, whereas the average level in February, 1956, was 4916, the latter being the latest figure available.

Eligibility for pension under the Canadian National Railways pension rules depends on the attainment of a certain age and the accumulation of a certain number of years of service.

CANNED MEAT IMPORTS

Question No. 396—**Mr. Fraser (Peterborough):**

1. Was any canned meat imported into Canada during (a) 1954; (b) 1955?
2. If so, from what countries?
3. What quantities in dollars and weight?

Answer by: **Mr. Dickey, Parliamentary Assistant, for the Minister of Trade and Commerce:**

1. (a) and (b). Yes.

Questions

2 and 3. Imports by countries of canned meat into Canada during years 1954 and 1955:

Country	Year 1954		Year 1955	
	Lb.	Value	Lb.	Value
United Kingdom	423,166	$ 94,384	188,149	$ 52,638
Australia	7,483,425	2,341,750	8,648,085	2,713,037
New Zealand	490,925	188,598	246,000	109,688
Argentine	3,192,602	950,944	3,864,596	1,284,433
Brazil	18,000	5,946	367,496	109,453
Denmark	74,796	44,804	48,882	37,738
France	24,999	20,736	—	—
Germany West	—	—	202	81
Netherlands	45,816	23,061	45,608	17,252
Norway	—	—	643	276
Paraguay	1,314,015	426,340	—	—
Switzerland	148	116	—	—
Uruguay	489,919	143,043	—	—
Ireland	—	—	360	159
United States	2,420,988	866,997	2,218,868	663,499
Totals	15,978,259	$ 5,106,719	15,628,889	$ 4,988,234

HOUSE OF COMMONS

Wednesday, April 18, 1956

The house met at 2.30 p.m.

COMMITTEE ON ESTIMATES

Second report of special committee on estimates.—Mr. Tucker.

ORDERS IN COUNCIL

ORAL ANSWER TO QUESTION ON ORDER PAPER

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there is a question on the order paper for a written answer, No. 326. I had the answer prepared, and I mentioned it to the hon. member for Prince Albert (Mr. Diefenbaker) and he suggested that he would prefer to have the answer to the question orally rather than file that short answer. If there is no objection, I would be prepared to do that.

The first part of the question is:

How many orders in council have been passed since January 1, 1955?

The answer, as of March 31, 1956, is 4,938, which includes 2,565 minutes of the treasury board.

The second part of the question is:

Are any of them secret?

None of the orders is classed as secret but as I stated in the house on January 31, as found at page 702 of *Hansard*, when discussing certain orders for the shipment of arms, there are some orders which should not, I think, be made public in fairness to the other countries involved in certain of the transactions approved in such orders although, as I stated at that time, I would be prepared to make those orders available confidentially to any hon. member who might wish to see what they contained. The third part of the question is:

Do any of them vary, alter, suspend or abrogate any existent legislation?

Yes, there are certain of them that do but only where and to the extent that legislation provides for such action being taken by order in council.

Mr. Diefenbaker: May I ask the Prime Minister a question?

Mr. Speaker: Would the hon. gentleman ask the question when we reach orders of the day? Question 326 on the order paper is answered.

67509—192

QUESTIONS PASSED AS ORDERS FOR RETURNS

CHARLOTTETOWN, P. E. I.—FEDERAL RENTS PAID

Question No. 389—**Mr. MacLean:**

1. What is the total of all rents paid by the federal government for accommodation in Charlottetown, Prince Edward Island, from March 31, 1953 to March 31, 1956?
2. To what landlords were these rents paid?
3. What amount was paid to each?

GAGETOWN, N. B., AND VALCARTIER, QUE.—CIVILIAN HOUSING

Question No. 404—**Mr. Boisvert:**

What is the average cost per unit of government owned housing for civilian personnel, at Gagetown, New Brunswick, and at Valcartier, Quebec?

MOTIONS FOR PAPERS

JAMES ERSKINE

Motion No. 55—**Mr. Ellis:**

For a copy of all letters, telegrams, memoranda and other documents, exchanged during the past 12 months, between the Postmaster General or any officials of his department and the postmaster at Hamilton, Ontario, or any organizations or individuals, relating to the suspension of letter carrier James Erskine.

Hon. Hugues Lapointe (Postmaster General): Mr. Speaker, the first part of the motion asks for the tabling of copies of all letters, telegrams, memoranda and other documents exchanged during the past 12 months between the Postmaster General or any officials of his department and the postmaster at Hamilton, Ontario. I submit that such correspondence, memoranda or telegrams are of the nature of departmental communications and as such have always been privileged. Therefore I cannot acquiesce in this request.

With regard to the second part of the motion asking for copies of similar correspondence with any organizations or individuals relating to the suspension of letter carrier James Erskine, I have no objection to that part. However, I might point out that I believe all of it has already been tabled on the motion of the hon. member for Hamilton West, but if there is any other correspondence I shall be glad to table it.

Mr. Speaker: Shall the motion carry subject to the reservation made by the Postmaster General?

Motion agreed to.

Motions for Papers

PUBLIC WORKS, RIVIERE-AU-RENARD

Motion No. 59—**Mr. Dufresne:**

For a copy of all payrolls and lists of materials in connection with the work done at Rivière-au-Renard, county of Gaspe, Quebec, during the year (a) 1953; (b) 1954; (c) 1955.

SOUTH SASKATCHEWAN RIVER—CONSTRUCTION COST ESTIMATES

Motion No. 61—**Mr. Diefenbaker:**

For a copy of all correspondence, since January 1, 1952, with any companies from which the government or any minister or department received estimates of costs, on the basis of 1953 prices, for the construction of the South Saskatchewan dam and irrigation project.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, as I stated two days ago, the answer given to the question previously asked contains all the information in this matter which I think should be given in the public interest. The only correspondence on file is the firm tender made on behalf of three different contractors in a confidential letter. I do not think it would be fair to those contractors to ask them to consent to publication at this time of the figures in their tender when general tenders may be called for at some time in the future. I do not think it would be fair to these individuals to have that information put on the records of the House of Commons at the present time. When I asked the hon. member the other day to allow the question to stand, I really intended that he would withdraw it from the order paper until such time as it became a matter which could be made public information.

Mr. Diefenbaker: Mr. Speaker, the minister himself referred to the amount that was estimated by these several contractors. He having referred to the document, I submit that the house is entitled to see it.

The house divided on the motion (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Argue
Balcer
Barnett
Bell
Blair
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Dinsdale
Drew
Dufresne
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gillis
Green
Hamilton (York West)
Harkness
Hees
Herridge
Howe (Wellington-Huron)
Johnson (Kindersley)
Jones
Knight
Knowles
Lennard
Macdonnell
McBain
McGregor
Michener
Mitchell (London)
Monteith
Montgomery
Murphy (Lambton West)
Nesbitt
Nicholson
Nickle
Pallett
Pearkes
Perron
Rea
Regier
Robinson (Bruce)
Rowe
Stanton
Starr
Stewart (Winnipeg North)
Tustin
White (Hastings-Frontenac)
White (Middlesex East)—60.

NAYS

Messrs:

Applewhaite
Arsenault
Balcom
Batten
Beaudry
Benidickson
Bennett
Blackmore
Blanchette
Boisvert
Bonnier
Boucher
Bourget
Breton
Brown (Essex West)
Bruneau
Buchanan
Campney
Cannon
Caron
Carrick
Carter
Cauchon
Cavers
Clark
Decore
Deschatelets
Dickey
Eudes
Fajrey
Follwell
Fontaine
Forgie
Fraser (St. John's East)
Gagnon
Gardiner
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gingues
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hahn
Hansell
Harris
Harrison
Hellyer
Henderson
Hollingworth
Holowach
Hosking
Houck
Howe (Port Arthur)
Huffman
James
Johnston (Bow River)
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Laflamme
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Low
Lusby
MacDougall
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McDonald
McIvor
McLeod
McMillan
McWilliam
Mang
Marler
Martin
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Patterson
Pearson
Pickersgill
Pinard
Pommer
Poulin
Power (St. John's West)
Proudfoot
Prudham
Purdy
Quelch
Ratelle
Reinke
Richard (St. Maurice-Lafleche)
Roberge
Robertson
Robichaud

[Mr. Speaker.]

Robinson (Simcoe East)	Smith (York North)
Rochefort	Stick
Rouleau	Stuart (Charlotte)
St. Laurent (Quebec East)	Tucker
	Valois
St. Laurent (Temiscouata)	Villeneuve
	Weaver
Schneider	Weir
Shipley, Mrs.	Weselak
Simmons	White (Waterloo South)
Sinclair	Winters
Smith (Battle River-Camrose)	Wylie—137.

Mr. Speaker: The result of the vote has been announced as: Yeas, 60; nays, 138. I am afraid I will have to correct the result of the vote. I am sorry to have to do that because I know that the hon. member for St. Mary (Mr. Dupuis) was in the house while the bells were ringing. It is unfortunate that he did not have a chance to reach his seat but he must vote from his seat when a division takes place and the Speaker is in the chair.

Mr. Thatcher: Mr. Speaker, I was paired. Had I voted—

Mr. Speaker: Order. We are not at that stage yet. Because I must rule that the vote of the hon. member for St. Mary should be eliminated, the result of the vote is: Yeas, 60; nays, 137.

Furthermore, I wish to remind hon. members again that last year we amended the rule so that it reads now that no member may enter the house when the question is being put. See standing order 12 (2).

Mr. Thatcher: Mr. Speaker, I was paired. Had I voted, I would have voted for the motion.

Mr. Speaker: I declare the motion lost.

PUBLIC BUILDINGS, HULL AND OTTAWA—RENTALS

Motion No. 63—**Mr. Coldwell:**

For a return showing a statement of the amounts paid by the federal government and its agencies for the renting of buildings and premises within the cities of Ottawa and Hull, annually since 1938.

PUBLIC BUILDINGS, OTTAWA AND HULL—CONSTRUCTION EXPENDITURES

Motion No. 64—**Mr. Coldwell:**

For a return showing a statement of the amounts spent or authorized to be spent by any department of the federal government or by the federal district commission or the national research council for the erection of public buildings in the cities of Ottawa and Hull since 1938.

CIVIC IMPROVEMENTS, OTTAWA AND HULL—FEDERAL EXPENDITURES

Motion No. 65—**Mr. Coldwell:**

For a return showing a statement of grants or amounts paid by any department of the federal government or authorized by parliament to be paid to the federal district commission, the national research council, to assist the cities of Ottawa and Hull in the provision of bridges, extension of sewerage and water systems, removal of street car tracks, street improvements and beautification, including areas directly under control of the federal district commission, and any other expenditures by any department of the federal government within the boundaries of the cities of Ottawa and Hull since 1938.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there is no objection to what I take to be the real intent of this motion. It is not to extend to the ordinary work that is done by the federal commission to the lawns and walks of the government. In spite of the general language of the last two lines, it is to apply only to the kind of expenditure that is referred to in the preceding part of the motion.

Mr. Coldwell: Yes, that is what I had in mind.

Motion agreed to.

WHARVES, CANADA CREEK, N.S.—EXPENDITURES

Motion No. 66—**Mr. Nowlan:**

For a copy of all payrolls for work, labour and services performed, as well as a copy of all accounts and vouchers for goods and material used or supplied in connection with repairs, additions or construction of the government wharf or wharves at Canada Creek, Kings county, Nova Scotia, during the calendar years 1952 and 1953.

NORTHERN NATURAL GAS COMPANY—GAS PURCHASES

Motion No. 67—**Mr. Diefenbaker:**

For a copy of all correspondence, telegrams and memoranda of telephone conversations, since June 1, 1955, between John Merriam, president of Northern Natural Gas Company of Omaha, Nebraska, N. E. Tanner of Trans-Canada Pipe Lines Limited, and the right hon. Minister of Trade and Commerce, or any of them, containing the terms of or referring to any negotiations for the purchase of gas by Northern Natural Gas Company from Trans-Canada Pipe Lines Limited.

AIR TRANSPORT

REQUEST FOR STATEMENT ON ACCIDENT TO UNITED STATES AIR FORCE PLANE

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, may I direct a question to the Minister of National Defence. Can the minister comment on the accident which recently occurred to the United States D-124 Globemaster, particularly with reference to the security arrangements which were made regarding the aircraft after it made its forced landing?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I hope to be able to make a statement tomorrow when I expect to have all the relevant facts in my possession.

Inquiries of the Ministry

REPORTED ACTIONS OF UNITED STATES TROOPS FOLLOWING ACCIDENT

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I have a question to ask of the Minister of National Defence, which he may wish to take as notice. What I want to know is what authority, if any, armed United States troops have on Canadian territory to threaten Canadian citizens who were following their legitimate business, particularly when that is on an R.C.A.F. airport? I wish the minister would explain that tomorrow.

Hon. R. O. Campney (Minister of National Defence): I shall be glad to deal with that tomorrow, but I do not accept all the alleged facts on which the question was based.

LABOUR CONDITIONS

RAILWAYS AND NON-OPERATING UNIONS —CONCILIATION BOARD REPORT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour? In view of the announcement by the railway unions that they are prepared to accept the report of the railway conciliation board, can the minister say whether he has had any report from the Canadian Pacific Railway, and also can he assure the house that the government-owned Canadian National Railways will go along with the recommendations of the government-appointed conciliation board?

Hon. Milton F. Gregg (Minister of Labour): I can only reply, of course, to the first part of my hon. friend's question. The reply to that is that I have not yet had a statement of opinion from either of the railways on the conciliation board report. I have received one from the unions' representatives.

UNEMPLOYMENT INSURANCE

STATEMENT AS TO PROVISION FOR PERSONS DENIED BENEFITS

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): May I refer to the question asked by the hon. member for Winnipeg North Centre (Mr. Knowles) on February 15, 1956, the subject matter of which has been referred to in the house and elsewhere. This question divides itself into three parts. The first part of the question is:

During the period from October 2, 1955, to January 25, 1956, how many persons, by provinces or by regions, were refused unemployment insurance benefits by reason of their inability to meet the requirements of section 45 (2) of the Unemployment Insurance Act?

[Mr. Campney.]

The answer to that part of the question is this. In the period October 2, 1955, to January 31, 1956, 99,462 claimants failed to qualify for regular benefit by reason of section 45 (2). The breakdown can only be given by regions:

Atlantic region	14,456
Quebec region	29,664
Ontario region	27,622
Prairie region	16,244
Pacific region	11,476
	99,462

Of these claimants 90,269 had sufficient contributions to qualify for seasonal benefit of ten weeks or more.

The second part of the question is:

By provinces or by regions, how many of these cases have been reviewed?

The answer is as follows. For the purposes of the re-examination of contribution records, all the 99,462 claimants who had failed to qualify for regular benefit were notified to present their insurance books to the local office.

Twenty-two thousand two hundred and ninety (22,290) of these failed to respond and it is assumed they are not interested at this time. It is believed the majority are gainfully employed.

The remainder, 77,172, were re-examined and these were located as shown in the following table. I might interject here that 64,484 of these had already established claims for seasonal benefit prior to the commencement of the re-examination. The breakdown of the 77,172 is as follows:

Atlantic region	12,489
Quebec region	22,881
Ontario region	15,268
Prairie region	16,354
Pacific region	10,180
	77,172

The third part of the question is:

By provinces or by regions, how many of these persons have been put on unemployment insurance benefits as a result of the reinterpretation of section 119 (b) of the Unemployment Insurance Act, announced by the Minister of Labour on January 25, 1956?

The answer is as follows. The number put on regular or seasonal benefit following re-examination, which applied the new interpretation of 119(b), was 6,002 and these were located as follows:

Atlantic region	1,238
Quebec region	1,975
Ontario region	983
Prairie region	936
Pacific region	870
	6,002

The re-examination of this group also resulted in another 6,000 seasonal benefit

claimants establishing an additional entitlement to regular benefit for varying periods prior to the commencement of their seasonal benefit periods.

On March 28, the hon. member asked if I would be in a position at this time to state whether or not I consider it desirable to amend section 45 (2) of the act. I would like to point out that section 45 (2) contains one of the basic conditions underlying entitlement to benefit. To fully appraise its total effect, a lengthy period of operation in necessary in order to provide sufficient data by which conclusions may be reached. The act has been in force for six months, and this is not considered to be a period of sufficient duration for appraisal purposes.

I think, however, that a significant trend is indicated by the most recent statistics. These figures show that, while active claimants at the end of February, 1956, were about 18 per cent lower than at the end of the same month in 1955, benefit payments in February, 1956, were only 10 per cent less than in the previous year. Indications are that this trend continued through March.

I wish to assure my hon. friend that I have a keen interest in the application of section 45 (2) as well as in many other sections of the new act, and, as soon as a proper appraisal can be made, the house will be informed of the results.

Mr. Knowles: May I ask a supplementary question? Can the minister say what is the present position of the some 70,000 persons whose cases were re-examined but who were not put on regular benefits? This figure is obtained by subtracting 6,000-odd from 77,000, the figure the minister gave. Is consideration of any kind still being given to their position with respect to regular unemployment insurance benefits?

Mr. Gregg: Yes, their position is being studied in that regard.

AIRPORTS

VANCOUVER—REPORTED BANNING OF LIGHT AIRCRAFT

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the Minister of Transport. Has the minister received word from either the airport board or the airport manager of Vancouver international airport to the effect that all light aircraft will be banned from the Vancouver field and sent to Langley because the Vancouver field is too crowded? If so, is he aware that the Langley field is not ready for this at this moment? What action does the government intend to take to make it fit?

Inquiries of the Ministry

Hon. George C. Marler (Minister of Transport): I think I can dispose of the question very simply by saying that I have not, nor has my department, received word from either the airport board or the airport manager at Vancouver international airport to the effect that all light aircraft will be banned from Vancouver field. No communication to that effect has been received by my department, and I should like to say that my department has issued no order banning light aircraft from Vancouver airport. I think, Mr. Speaker, that takes care of the second question concerning Langley airport.

EXTERNAL AFFAIRS

INQUIRY WITH RESPECT TO SPEECH BY UNITED STATES AMBASSADOR

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to direct a question to the Secretary of State for External Affairs. Is the Secretary of State for External Affairs aware of the fact that the state department in Washington had copies of Ambassador Stuart's controversial speech prior to its delivery? My second question is, does the minister concur that silence on the part of the state department gave consent?

Hon. L. B. Pearson (Secretary of State for External Affairs): It would be quite normal for the state department to have an advance copy of a speech of this kind given by one of its representatives abroad, and I believe that was the case in respect of this particular statement. I have nothing to say in regard to the second part of the question.

RUSSIA—REQUEST FOR COMMENT ON DISBANDMENT OF COMINFORM

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs. Would he be prepared to say what his opinion is regarding the announcement by the Soviet government of the disbandment of the cominform and also of its desire to mediate in the Middle East and whether he regards that as just another unctuous subterfuge?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, in so far as the disbandment of the cominform may result in the reduction of interference by the forces of international communism, centred in Moscow, in the domestic affairs of other countries, it is greatly to be welcomed. Whether it will in effect have that result of course remains to be seen. So far as the second question is concerned, I think

the co-operation of the Soviet union, particularly through the United Nations, in the solution of Middle Eastern problems is greatly to be desired.

ORDERS IN COUNCIL

INQUIRY AS TO NUMBER OF SECRET ORDERS STILL IN EFFECT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Prime Minister arising out of the answer he gave to the order paper question in the name of the hon. member for Prince Albert. Can the Prime Minister say whether any, and if so, how many, secret orders in council passed prior to January 1, 1955, are still in effect?

Right Hon. L. S. St. Laurent (Prime Minister): I will have to take the hon. gentleman's question as notice, because from memory I could not give any answer. I do not know that there are any but I will make inquiries.

TRADE

CANADA-U.S.S.R.—APPROVAL OF AGREEMENT SIGNED AT OTTAWA, FEBRUARY 29, 1956

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved:

That it is expedient that the houses of parliament approve the ratification by Canada of the agreement on trade between Canada and the Union of Soviet Socialist Republics, signed at Ottawa on February 29, 1956, and that this house do approve the same.

He said: Mr. Speaker, on February 29 I took pleasure in announcing the conclusion of a trade agreement between Canada and the Union of Soviet Socialist Republics. I stated at that time that an opportunity would be provided for a debate on this trade agreement in advance of its ratification. Now that the time has come for this debate, it is appropriate for me to make a few remarks.

One of the principal features of this agreement is the exchange of most-favoured-nation treatment between the two governments. The effect of this is to put Canadian commercial relations with the U.S.S.R. on a basis comparable to our relations with most other countries. Hon. members no doubt understand what is meant by "most-favoured-nation treatment". In the time-honoured terminology of the tariff, this means that imports from a particular country will be treated no less favourably than those from any other country. Most-favoured-nation treatment has reference to tariffs and related matters in the field of commercial policy. Most-favoured-nation treatment does not entitle another country to any unique advantages but merely guarantees that the country will not be discriminated against in trade matters.

Imports into Canada from the U.S.S.R. are now admitted, under the provisional application of this agreement, at the rates of the most-favoured-nation tariff schedule. Most-favoured-nation treatment does not involve, of course, the application of the British preferential rates of duty to imports from the U.S.S.R.

In our country, most trade is conducted under private auspices. Most decisions regarding purchases and sales abroad are made by private people. The government, of course, plays a most important part. In promoting trade relations with other countries, by tariff policy and by other means the government establishes a framework of arrangements to expedite trade and sometimes to regulate trade. It is an inherent feature, however, of our business system and of the government's policy that the Canadian people shall be as free as possible to decide what they will buy.

It follows that in negotiating a most-favoured-nation agreement with the U.S.S.R., or any other country, the government does not attempt to stipulate that certain things shall be imported into Canada and that other things shall not be imported. Aside from the effects of the tariff, such matters are not in general subject to governmental regulation. Canada does not undertake in this agreement, therefore, to purchase any specific goods from the U.S.S.R. The major undertaking given by Canada is that imports from the U.S.S.R. may compete on equal terms with imports from other countries in the most-favoured-nation category.

Under the agreement, Canada also receives most-favoured-nation treatment from the U.S.S.R. The meaning of this undertaking is quite different in a state trading country than it is in a private enterprise country such as ours. Soviet purchases and sales abroad are made within a framework of governmental policy by officials of state trading organizations. Accordingly, the agreement includes a general undertaking whereby each government accords most-favoured-nation treatment with respect to sales or purchases involving exports or imports. This clause offers to Canadian exporters a prospect of competing on commercial terms for sales to Soviet state trading organizations.

Certain escape clauses are included in the agreement, to be used if unanticipated difficulties should arise. These escape clauses are comparable in their effect with those contained in the general agreement on tariffs

and trade. For example, provision is made for the imposition of import restrictions, even on a discriminatory basis if necessary, in the event of balance of payments difficulties. In this connection, I should also mention the letter from the Canadian government which forms a part of the agreement, reserving the right to establish values for import duty if any Russian products should enter Canada in such increased quantities as to cause serious injury to domestic producers. This letter is similar in purpose to the multilateral escape clause which is included in the GATT and it is similar in its terms to a letter which forms part of our separate trade agreement with Japan.

When I first announced this new agreement, I made clear that it will not affect our strategic export controls. A provision is included which recognizes that either government may apply prohibitions or restrictions of any kind for the protection of its essential security interests. This provision would take precedence, if necessary, over any other provision of the agreement.

One of the clauses in the agreement refers to the treatment of merchant ships. This clause was studied very carefully before we agreed to include it. The practical effect is to give a continuing assurance to the Russians, for a period of three years, that their ships will continue to enjoy in our seaports such as Vancouver as favourable treatment as the ships of other countries. In other words, the provision simply confirms the kind of treatment which has been available all along to ships of U.S.S.R. registry.

I should also say something about the provisions which refer to the legal status of persons, access to courts and arbitration. These do not establish any new procedures for settling disputes that might arise in the conduct of trade between Canada and the U.S.S.R. They merely indicate the facilities that are available if any such disputes should arise. These provisions will, no doubt, be recognized as useful to traders and trading organizations in both countries. There is nothing in this agreement that might force Canadians to go before Russian courts, rather than to Canadian courts, nor force them to choose arbitration for the settlement of disputes. I mention this because there might otherwise be some misunderstanding about these particular provisions on the part of people who may not have had an opportunity to examine the legal problems which are involved.

From the Canadian point of view, by far the most important part of this agreement is the letter by which the government of the U.S.S.R. guarantees to purchase and take delivery from Canada, during the three years of the agreement, a total between 1,200,000 and 1,500,000 metric tons, i.e. between 44·1 million bushels and 55·1 million bushels of wheat, in annual lots of between 400,000 and 500,000 tons, i.e., between 14·7 million bushels and 18·4 million bushels. The exact amounts to be purchased in the second and third years, within these annual amounts, will be determined by the government of the U.S.S.R., taking into account the volume of Soviet goods sold to Canada. The total over the three years, however, will amount to not less than 1,200,000 tons and the amount in any individual year will not be less than 400,000 tons. The Russian purchases of wheat are to be made at the prices and on the terms at which the Canadian wheat board is making sales to its major customers at such times as the Soviet purchases take place. The U.S.S.R. has already purchased more than 400,000 tons for delivery during the present year.

The agreement is written to terminate at the end of three years. At that time the two governments could agree to extend it. The conditions governing an extension would have to be worked out in the light of our experience in the three-year period.

I shall not attempt to predict to what extent there may be a long term demand for Canadian wheat in the U.S.S.R. This agreement provides a demonstration that the government is prepared to move vigorously, on commercial terms, into any market that develops. If there should prove to be a continuing market in the U.S.S.R. that we can satisfy, then we shall be all the more pleased. To the extent that it is possible to do so, we are establishing ourselves in a good position at present. It is reasonable to expect that there will be at least some continuing basis for Russian purchases of wheat from this continent, even if that country should not be short of grain. From the point of view of transport, it is cheaper to ship wheat across the Pacific to far eastern ports of the U.S.S.R. than to transport it overland from the major wheat growing areas in western Russia.

As for other Canadian commodities, it may well be possible to develop trade in non-strategic goods that the U.S.S.R. needs and that are competitive. The very fact that a trade agreement has been concluded indicates perhaps a willingness on the part of the U.S.S.R. to trade more with this country. To a very large extent, Canada and the U.S.S.R. export similar things. The potentialities of trade, while valuable we hope to both countries, would thus seem to be fairly limited. I do not wish to create the impression, therefore, that there will be a large market in

Russia for very many Canadian products. At the same time, it is realistic for exporters to be alert to such opportunities as may develop and to take advantage of them.

My colleague, the Secretary of State for External Affairs (Mr. Pearson) will no doubt wish to take part in this debate. I would like to refer particularly to the part he played in making this agreement possible. During his trip to the U.S.S.R. late in 1955, the Secretary of State for External Affairs initiated the discussions on trade which led later to the negotiations which took place in Ottawa.

I am informed that the U.S.S.R. was represented by able experienced officials who conducted themselves throughout the negotiations in a straightforward, businesslike manner.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, it is a coincidence—and I am sure not more than a coincidence—that the government is presenting to the house this afternoon for ratification this trade treaty with Russia on the day that Premier Bulganin and Mr. Khrushchev are arriving in Great Britain for a widely heralded visit which has attracted the attention of the western world.

It is natural that at the outset, when the house is invited to ratify such an agreement, we should ask what steps have been taken by the other party to the treaty to ratify it. We are told that under the Russian practice the signing of the agreement by their authorized officers itself constitutes ratification on the part of the Union of Soviet Socialist Republics. In submitting the agreement to both houses of the Canadian parliament for ratification and approval the government is following Canadian constitutional practice. I think we will prefer it to the Russian practice.

The elements of this agreement have been clearly stated by the Minister of Trade and Commerce (Mr. Howe) on two occasions, namely on February 29 and today. The agreement is accompanied by an exchange of four letters, two from each of the parties to the other. In approaching the resolution now under debate I take it that we are entitled to look at all five documents, for certainly the letters have extremely high importance for us in our approach to the question of ratification and approval of the treaty.

The minister has indicated that the treaty gives to each of the parties unconditional most-favoured-nation treatment. It is an agreement that is to run for a course of three years. There is no automatic extension provided. Extension is permitted only if the parties agree on such extension within a period of three months prior to the expiration of the three-year period on February 28, 1959.

[Mr. Howe (Port Arthur).]

The agreement and the letters contain safeguards and there is, of course, the important collateral agreement on the part of the U.S.S.R. to purchase Canadian wheat.

I should like to embrace this opportunity of paying tribute to the Canadian officials in whose hands the negotiation of the treaty was placed. We do not have many opportunities in the house to express our tribute to competent public servants to whose hands great responsibilities are committed. In the Department of Trade and Commerce there are some outstanding officials in whom I am sure all parties of this house have confidence when important responsibilities such as the detailed negotiation of such an agreement as the present one are placed in their hands. There were difficulties in the way of arriving at any kind of agreement. There were the difficulties of misunderstanding. There were the difficulties of hostilities that had been created over a period of time and there were language difficulties. There were the difficulties involved in breaking new economic ground. In arriving at any agreement under those circumstances, and in the face of those difficulties, I am sure the house recognizes the important and thoroughly praiseworthy work of competent officials of the Department of Trade and Commerce.

I suppose the minds of some of us are naturally carried back today to May 12, 1954. In many respects the business on which the house is engaged this afternoon is reminiscent of the business that engaged the house on the date to which I have referred. It was the day on which parliament was called upon to ratify the trade agreement with Japan. There we were dealing with a nation which had been a late antagonist in the war, and at the hands of whose armed forces and authorities many Canadians had suffered unspeakable cruelties. Yet, sir, we had to recognize that there were not only important economic interests at stake in our trade relations with Japan but also far-reaching political issues and involvements in the kind of world in which we have to live in this postwar era. We saw on that occasion a trade relationship with Japan under which Canada was enjoying substantial advantages, and we saw also the strategic position that Japan holds in the Pacific, particularly in view of the way in which the communist rule had marched to the coast of the mainland. So we in this house by, I think, unanimous decision resolved that it would be a good thing for Canada, indeed a good thing for the world, if Canada and Japan entered into that trade agreement.

In approaching the question of a trade agreement with Russia there are some factors that are different from those that entered

into our thinking in connection with the Japanese trade treaty. There are others that are common to both. We have not had the extensive trade and economic interests in common with Russia hitherto that we had with Japan at that time. Our political relationships with Russia are very different from those which the western world has sought to establish with Japan in the postwar period. On the other hand, we are not unmindful, sir, that while Russia was our ally in world war II, and Japan was our mortal enemy, nevertheless in this postwar period we have been living in the era of the cold war. We are not unmindful of the crimes of the Kremlin which have been perpetrated upon suffering mankind in the past decade and more. Nevertheless, sir, recognizing the existence of these crimes, virtually all of which are yet unatoned, we think that there is merit in the present measure.

Let us examine the extent of our trade and economic interests with Russia so that we may see in their true proportions the economic interests of which this treaty takes account. Our trade with Russia has been almost insignificant in amount for some time past. I give you, sir, the figures on Canada's export to Russia for the past four years. In 1952 it amounted to $421; in 1953, $478; in 1954 there was an increase to $4,854,311; in 1955, a reduction to $2,680,153. The major items in our exports to Russia in 1954 were pulp sulphite, canned meats, barley and cattle hides in that order. In 1955 our leading exports to Russia consisted of pulp sulphite and nonedible vegetable oils. We exported no barley to Russia in 1955.

On the import side I offer these figures for the same period. In 1952 we imported from Russia goods to the value of $2,234,413; in 1953 the figure dropped to $824,007; in 1954, it dropped further to $687,081; and in 1955 it dropped further to $628,156. Our imports from Russia in those years consisted almost entirely of fur skins. It will be seen, then, that our trade with Russia has been insignificant in amount in recent years.

It would be well for us not to expect perhaps too much from the agreement now under discussion. The minister has said this afternoon, and of course correctly, that it will depend on the alertness of the salesmen of Canadian goods to their opportunities in the Russian market. It is true it will depend upon that factor, but our sales to Russia will depend on a great many other factors as well, not the least of which will be government policy in the U.S.S.R. I noted with no little interest that when I asked the Minister of Trade and Commerce (Mr. Howe) in the house on February 29 as to what might be expected in the way of trade his answer was extraordinarily cautious. My question, sir, is found at page 1662 of *Hansard*. It was put to the minister at the conclusion of his statement, and reads as follows:

> Mr. Speaker, may I ask the minister what is the best estimate of the dollar value of the import and export trade that is expected under the terms of this pact?

The minister's reply was:

> Mr. Speaker, I said once before that I had lent my crystal ball. I am afraid I cannot give the hon. member an answer.

Now, when we find the Minister of Trade and Commerce taking refuge in a reply as cautious as that one, we cannot fail to be impressed, because that is rather unlike him. Therefore, I say, sir, that it would be well for us, I think, not to attach too much hope to a wide extension of trade with Russia as a result of this agreement, or to read into it particular political significance.

May I say, sir, that it is the intention of Her Majesty's loyal opposition to support the present motion for ratification of the agreement, and I should like to put that support upon several broad grounds. In the first place, sir, this is an agreement whose purpose is to provide for an extension of trade. Articles 1 and 2 of the agreement give full effect to the principle of unconditional most-favoured nation treatment. We have subscribed, as I believe all political parties in this house have subscribed, to the principle of multilateral trade. We in this part of the house have had occasion to complain, as we do still complain, that the government's trading policies have resulted in a dangerous concentration of our external trade. Therefore, we are glad to welcome any extension of trade on a true multilateral basis.

In the second place, sir, we regard, as I have no doubt all political parties in this house regard, trade as an important asset in establishing conditions which will make war more and more distasteful to nations. The hope of establishing commercial relationships is associated in the minds, I am sure, of all hon. members with the desire to see more links created among nations of the world that will make peace advantageous to them and to create at the same time more reasons for making war more and more disadvantageous to them. And so, while we have not changed our views in regard to certain aspects of our possible trade with Russia—and I am referring now particularly to trade in strategic materials—nevertheless, we do subscribe, as I am sure all hon. members do, to the view that the closer commercial relationships become in the world the greater is going to be the incentive to peace.

In the third place, sir, the prospect of selling Canadian wheat to the U.S.S.R. is naturally an important factor weighing to the advantage of the present agreement. We have, under the agreement that is collateral to the main pact, an undertaking on the part of the U.S.S.R. to make purchases of Canadian wheat of undesignated grades in those next three years, a guaranteed minimum of 400,000 metric tons per annum, or, expressed in terms with which we are more familiar, 14·7 million bushels per annum. And, then, there is the over-all guarantee of the purchase of 1,500,000 tons of wheat in the 3-year period, which is, in the figures with which we are better acquainted, 55·1 million bushels. The price will be the price prevailing at the date of individual sales and, under the agreement, is to be the price at which Canada, through our wheat board, is selling to other large foreign purchasers.

In his reply to questions on February 29 the minister stated that the wheat that the U.S.S.R. is to take represents a fair distribution over our milling grades of wheat. Sir, we have in Canada such a huge surplus of wheat that any opportunity at all to sell a significant portion of it is bound to commend the co-operative support of hon. members.

In the fourth place, sir, among those reasons why we support the present motion for ratification and approval is the group of safeguards that are contained in the agreement and the accompanying letters. The minister has referred to those today as escape clauses. For my part, I prefer to call them safeguards, and there are five in particular that I think are deserving of comment.

In the first place, there is clear provision in the second paragraph of article 3 of the treaty for the retention by Canada of full power to take whatever steps may be necessary in relation to strategic materials. That paragraph reads:

> The provisions of the present agreement shall not limit the right of either contracting party to apply prohibitions or restrictions of any kind directed to the protection of its essential security interests.

Sir, that, in the view taken by Her Majesty's loyal opposition, is a safeguard of vital importance; for, without such a safeguard, I do not suppose it would be possible for parties in this house to support the agreement.

Now, the definition of strategic materials is not static. It has undergone revision from time to time since the western nations were first called upon in the Korea and post-war Korea period to take steps to place embargoes upon the sale of strategic materials to countries behind the iron and bamboo curtains. There may be further changes in store, changes that I say should only be brought about in the closest association and consultation with the governments of the United Kingdom and the United States of America; but that there must, in the conditions still prevailing in the world today, be restrictions and embargoes upon the shipment to countries behind the iron and bamboo curtains of certain strategic materials is, in my submission, incontestable. Therefore, sir, I attach the highest degree of importance to that first safeguard.

The second of those five safeguards is the right reserved to the Canadian government to apply special duty values. This right is reserved, not in the formal terms of the agreement, but in the first of the accompanying letters by which the Canadian government reserves the right to fix, under the Canadian Customs Act, values of goods for ordinary and special duty under certain defined terms where Russian goods are imported, or are likely to be imported into Canada:

> . . . in such quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products.

In such cases the right is clearly reserved to the Canadian government to fix values for ordinary and special duty purposes.

There is always the concern and fear in matters of this kind when a country under a free economic system enters into trading agreements with a country operating on a state trading basis, particularly a communist country, that there is every likelihood of the dumping of the goods of the communist country in the other country. We have had some experience in Canada with tactics of this kind. We will not forget the situation of two years ago when we had such an experience with goods imported from Czechoslovakia. Hon. members will not, I am sure, forget the experience of the western world with Russian dumping in the thirties. This particular safeguard is therefore also of the highest importance and the house will be entitled to demand of the government in relation to this safeguard the strictest vigilance to assure that Canada will not be permitted to become a dumping ground for undervalued Russian goods.

The third of these five safeguards, sir, is the preservation of the commonwealth trading preferences. Under article 7 there is clear provision that the agreement, providing as it does for unconditional most-favoured-nation treatment, is not to have any application to the "exclusive advantages accorded by Canada to members of the British commonwealth of nations, including their dependent territories, and to the Republic of Ireland".

The fourth of these safeguards relates to Canada's exchange position and balance of payments, for under the first paragraph of article 3 of the agreement we have the clearest provision that while no prohibitions or restrictions are to be applied by either contracting party on goods imported from the other, nevertheless a clear exception is made in this article for "import or exchange restrictions applicable to all countries in like circumstances for the purpose of safeguarding the external financial position and balance of payments". In the kind of world we are living in, safeguards of that kind have become imperative.

The fifth of these safeguards, sir, is contained in article 4. I do not attach any great value to this particular safeguard but I mention it for the purpose of making a comment upon it. Under this article the merchant vessels of each contracting party and the cargoes of such vessels shall, upon arrival at and departure from the seaports of the other contracting party and during the time spent in such seaports, enjoy the treatment accorded to the most favoured nation.

Now it is quite obvious that the wheat sold to the U.S.S.R. by Canada under the terms of the letters accompanying the agreement will move via the Pacific, no doubt from Vancouver to Vladivostok on the Russian side of the Pacific. We have already seen press comment on the fact that one Russian ship loaded wheat at Vancouver for shipment to Russia since the agreement was entered into. That is all very well, sir, but it would be of more interest to Canadians if there were some prospect of Canadian bottoms being used for the shipment of this Canadian wheat from Canadian ports to Russia. This is one place where, had the government not permitted the Canadian merchant navy to evaporate in post-war years, there might have been a real opportunity for Canadian bottoms to share in the advantages that might be hoped for from these shipments of Canadian wheat to Russia.

We in Her Majesty's loyal opposition attach great value to these safeguards and particularly to the first four which I mentioned. Their value will, of course, depend upon the use that is made of them and that in turn is going to depend upon Russian government policy; but it will depend as well on the vigilance of the Canadian government.

There is no indication as to what commodities the U.S.S.R. will endeavour in particular to sell to the Canadian market. It would have been of interest to us to have had some indication; indeed, it might have offered some hope of additional safeguard where it seems to me some safeguard is required. I think it to be deplored, sir, that there is no guarantee in this agreement that Canada shall not be asked to import goods manufactured by forced labour behind the iron curtain. By this agreement it is entirely left to Canadian purchasers to assure themselves if they choose to do so, that the goods they are purchasing from Russia are not goods manufactured by forced labour.

In the second place, sir, I should like to remind hon. members of the inherent dangers of state trading. It is inevitable, when trading between two nations is done either on one part or on both parts on the basis of state trading, that political dangers will be inherent in these trade relationships and any rupture of them that may follow. Look at the problem of enforcing contracts; look at the problem that the Canadian exporter faces in selling to state purchasing organizations in the U.S.S.R. Suppose contracts are cancelled; suppose there is a default in payment or in performance of contractual obligations on the part of the Russian state trading organization. Should this happen, is there going to be any effective redress? Well, sir, I do not think anyone can be too confident that under those conditions there will be any effective redress whatever.

It is not many months ago that a good many manufacturers in the United Kingdom thought they had reason to cheer when wider trading relationships were established between the United Kingdom and Soviet purchasing organizations, but a good many of them faced a rather disturbing and disillusioning experience not long after when a great many of the contracts were cancelled by the Russian purchasing organizations and these British exporters learned to their dismay that they were without any effective redress. Let us not forget that there are also serious political dangers inherent in state trading and in particular in state trading with communist countries.

The third matter to which I draw attention follows from the last one I have mentioned and relates to article 5, under which Canadian citizens and other natural persons domiciled and carrying on business in Canada and juridical persons constituted in accordance with the laws in force in Canada are to be entitled in the U.S.S.R., in respect of persons and their property, to treatment on a basis no less favourable than that accorded to the natural and juridical persons of any other state.

Let us be realistic. I doubt very much whether the government is going to say that in the light of experience, in the light of well recognized facts, there is very much comfort or assurance for Canadian exporters

in provisions of that kind, in relation to well-known Russian judicial procedures.

The fourth matter to which I draw attention, in trying to bring about a sound and fair understanding of this agreement and what it contains, as well as its limitations, is the danger that wherever Russian trade organizations go there is always the danger of espionage. I do not need to remind hon. members of the experience that Great Britain had with Russian trade organizations in the 1920's, when they thought they were engaging in beneficial mutual trade. We in Canada have had enough experience of our own, in regard to the use that Russia has made in times past of diplomatic relationships, to put us on our guard against the inevitable danger that is inherent in Russian plans of any kind of using channels of this kind for espionage purposes.

Having attempted that appraisal of the features of this agreement, let me say in conclusion that all of us, I am sure, must try to see this agreement in its true perspective in relation to the whole world-wide context of today. Russian political and economic tactics are inscrutable. Nevertheless, this agreement may, at least on superficial view, fall into its place in a pattern with which we are becoming familiar, a pattern that is not, in many of its elements, unwelcome in the world today, a pattern that we have associated with the so-called post-Geneva period of the past ten months.

Whatever may be the true purpose of Soviet policy in relation to these facts, we have witnessed a number of extraordinary reversals of Russian tactics in this period. One thinks of the exchange of visits of diplomats and the press; of the Austrian treaty, with the withdrawal from Austrian soil of Russian forces of occupation; of the release by Russia of the bases which it held in Finland; of the current denunciations of the memory of Joseph Stalin; and, within the past 48 hours, the announced disbandment of the Cominform.

Whatever in the Geneva spirit and the post-Geneva period has resulted in consequences such as some of these—and I mention in particular the Austrian treaty, which of course is welcomed as a contribution to the relaxation of international tension—at the same time hon. members will not have forgotten that the Geneva conference was followed, within a very short time, by the visit to India by Mr. Bulganin and Mr. Khrushchev and the series of lies and falsehoods that characterized their speeches to the Indian people in relation to the western powers.

[Mr. Fleming.]

Hon. members will not have forgotten either that the point of greatest tension in the world today in the Near and Middle East stems from the sale by Russia and Czechoslovakia of arms to Egypt and other countries and Russia's adamant refusal to curtail those shipments of arms in the interests of the relaxation of tension and the threats of war in that vital and disturbed area.

It will not be forgotten that it still remains the policy of the Kremlin to stir up trouble against the west wherever opportunity offers. We will not have forgotten that the concentration camps are still flourishing in Russia, that the satellite countries are still under Russian occupation and that personal liberty is suppressed in all those countries.

Whatever tactical changes may have contributed in certain quarters to the easing of the tensions, we have no reason to think that there has been any change in the deep-seated and fundamental aims of the Kremlin policy. Those aims remain as they were defined long ago: world revolution and world domination by the Kremlin.

I am sure all of us in this house will wish to be on our guard against being misled into doing something that fits in with some change in Russian tactics, the purpose of which simply is to weaken the resistance and the will on the part of western nations to stand firm against the dangers that Russia has created to the peace and security of the free nations of the world. We well know that the purpose of Russian blandishments in the past ten months has been to the fullest extent possible to weaken NATO and the will of the western nations as expressed in NATO. There have been some evidences, some perhaps disturbing evidences, of the success of the Russians—disturbing from our point of view—but we may be hopeful, and we may at the same time, I think, discharge our duty to be realistic.

Canada, like all the western nations faced with a decision such as we are called upon in this Canadian House of Commons to make today, cannot in the face of our world duty take a deliberately unfriendly course. It is a duty of the western nations, in the kind of world we live in today, while being realistic, to avoid taking deliberately unfriendly courses. When an opportunity offers to make any contribution toward easing tensions in the world today without any loss of essential interests on the part of our country, then I conceive it to be our duty to take that course.

We have not forgotten the young Canadians who lie in Korean graves today, whose sacrifice is attributable to aggression that was,

if not ordered, at least abetted by the Kremlin and the government with which this treaty has been negotiated. Hope is a virtue but it is our duty, while being hopeful, to be realistic. Therefore if I may attempt to define in a word the view that we take in supporting this trade agreement with Russia I would say this: we believe that Canada should try, in the world of today, to be friendly and at the same time to be vigilant, to be realistic, to keep our guard up and to keep our powder dry.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, as the hon. member for Eglinton (Mr. Fleming) has said, I have no doubt that this treaty will receive the unanimous approval of the house. I hope that in the course of the debate the Secretary of State for External Affairs (Mr. Pearson) will accept the invitation extended to him by the Minister of Trade and Commerce (Mr. Howe) to participate in the debate. May I also suggest that I think the house would appreciate hearing a word or two in the same connection from the Minister of Fisheries (Mr. Sinclair) in the course of the discussion of trade with Russia because he too had opportunities to see the internal conditions of that country.

I also want to join in the well deserved tribute paid by the hon. member for Eglinton to the officials of the Department of Trade and Commerce. You know, from time to time in the house we hear about the bureaucrats and what they have or have not done, and it is refreshing that we are able at times to express our appreciation of the work which has been done by the permanent officials of the departments who serve not only their departments but the country so well. The Department of Trade and Commerce has such officials within it to whom we can pay that tribute.

I was very happy indeed to accept the invitation extended by the Secretary of State for External Affairs to the luncheon he gave when he entertained the Russian negotiators and also to accept a subsequent invitation from them to dinner in the Chateau Laurier. I think that those of us of all parties who met them on those two occasions will realize that they were a very able group of men. Not only are they a very able group of men but individually they are charming and cultured men, and if they were wholly representative of the Soviet union what a better place this world would be than it is today.

I am one of those who have made some study of the history of the past and sometimes when I have listened to speeches that have been made regarding relations between the western world and the Soviet union and have read our newspapers and our literature I have been very forcibly reminded of some of the literature, history and speeches of the 30 years following the French revolution when France was as great a bogey to the countries of western Europe as the Soviet union is today. When I say "bogey" I do not mean something that is not real, because I think that in those days the leaders of the French revolution did threaten the very basis of the society of western Europe.

But as time passed the tensions eased, and little by little the western Europeans and the French were able to accommodate themselves to their different republican and monarchial views. So, perchance, we are now witnessing the evolution in the world—I hope this is so but I will not say I am sure of it—of the accommodation of the two differing points of views that are so prevalent in the world today and that at last, perhaps over a very long period of time without war, we may manage to live together and to find ways and means of co-operating more and more. I say that because this, I think, is one of the methods by which better understandings, the easing of tensions and mutual co-operation for the common good can be brought about.

We in this party have long urged that we should try to trade with countries that we say are behind the iron curtain. I should like to see not only the recognition of the fact that there is a new government in China but also trading channels opened so that we might be able to exert some influence within that country and offset to some extent the reliance of that country on the Soviet union. Because I believe these things I am very happy indeed to congratulate those who negotiated the treaty, to express to the government our support of the agreement and to say that I am quite sure that both economically and politically it will be beneficial to us and to the world at large.

There are, of course, as has already been pointed out both by the minister and by the hon. member for Eglinton, difficulties in negotiating treaties of this description with countries with trading organizations that are so different from our own, and I think it is good that in this particular instance those difficulties were overcome. I have no doubt that in coming to this agreement the negotiators for the Soviet union intend and the government of that country intends, as we intend, to carry out the agreement and to give it full effect for our mutual advantage.

As a member representing a constituency that is vitally interested in the marketing of grain, I am very glad to note that, while it is not written into the agreement, agreements were reached for a substantial sale

of the commodity upon which the prosperity of my own constituents and, let me also say, to a very large extent the prosperity of this country, really depends. It was once said in the house, I believe, that no group of people in a measurable period of time had produced so much new wealth for this country as the people who homesteaded, who took up land on the western plains and put that land under the plow. That was true in those days and it is true today although not to the same extent because our forest industries, mining industries and manufacturing industries have forged ahead in recent years.

However, it is still true that a very large number of people and a very large section of our economy depend upon the ability of this country to market wheat at a price that will return to the producer not only the cost of production but a sufficient amount to enable him to maintain a good standard of living and to buy the goods that he needs in order to keep our manufacturing industries going fully ahead. Therefore, from the point of view of the economy of Canada, and particularly from the point of view of a western member of parliament, the agreement to take quantities of wheat, a minimum quantity and a maximum quantity under the conditions outlined, is indeed something which makes this treaty very attractive to us.

I could not help thinking this afternoon how this agreement is now being received in this house. I remember that a year ago there was considerable criticism in this house and in the country in some quarters because of the government's sale of some 9 million bushels, I think it was, of wheat to Poland and of the financial arrangements that were made at that time. I have no doubt that the Poles benefited from the acquisition of that wheat and that our export organization will be paid in full for the wheat as under the agreement the payments are required. I think that was a beneficial deal and I think, of course, this one is even more beneficial. There is, of course, one feature of the agreement that we must keep in mind. While we talk of the maximum amount of 55·1 million bushels of wheat, we must remember that that maximum amount is dependent upon Canada's taking goods from the Soviet union. In the words of the understanding, the amount to be taken during the second and third years of the agreement shall be finally determined with due account being taken of the volume of sales of Soviet goods in Canada and Canadian purchases thereof.

As has already been said, we have no indication as to what those goods may be. I do not know what the Russians can send to us. As we have been told, they have been sending furs to Canada. But we are a fur-producing country ourselves. I do not know what other commodities we can obtain from Russia to the benefit of the Canadian economy and to our mutual advantage—our special advantage being, of course, that we are able to sell the maximum amount of wheat. Perhaps, as the debate goes on, we might have some suggestions as to what the government had in mind as to the commodities that might be imported into Canada. Of course it was fully understood that the commodities which came into Canada would not be dumped here. Mr. Borisov, the leader of the delegation, acknowledged receipt of Canada's reservation of the right to establish its own value for duty on any Russian product which might enter Canada in such increased quantities as to cause serious difficulty to Canadian industry. In the same way we protected the valuation of the commodities that we might import.

To my mind this agreement is of primary importance not only to the wheat producers, not only to Canada but indeed in a large measure to the rest of the world as indicating a willingness to trade and perhaps as a contribution to the easing of the tensions in the world today. This agreement gives the right, of course, to traders from Canada to go to Russia to sell their commodities and for Russian agents to negotiate in Canada with our people who may be inclined to buy commodities from Russia, and provides for their entry into our respective countries and their protection under the laws that govern our own nationals and their nationals. Whatever we may think of those laws within Russia, at least we are on the same basis as far as the words of the agreement go. But I should like to see something beyond this. For example, I should like to have seen the parliament of Canada, through Mr. Speaker, accept an invitation for parliamentarians to visit that country and for Canada to receive a similar delegation from that country. I should like to see cultural exchanges between these two countries. I should like to hear Russian musicians and I should like the Russians to hear Canadian musicians. I should like to see Russian ballet; and I should like to see our Winnipeg ballet have an opportunity, if the exchange were made, of performing in the Soviet union. I think that nothing but good could come from the opening of these channels that have been closed to us over the years.

One is not obliged to accept the ideology of an individual in order to have friendship. Within this country we have sharp differences in our approach to philosophy, sometimes in our approach to religion and in our

approach to social thinking. Yet within our country we are able to respect one another's views and to live together in unity. I think the day will come when that statement will be true with respect to the entire world. As I said earlier in my remarks, I hope that what we are witnessing is an evolution across the world in that direction. We are wrong if we think in blacks and whites. We must recognize the fact that between the extreme of the one and the extreme of the other there is a line that is rather fuzzy and grey. But the very fact that that line is there is a hopeful sign and gives some assurance that we may at last be able to understand each other just a little bit better.

I am not going to go into the details of the agreement. The hon. member for Eglinton (Mr. Fleming) went into the safeguards in it and expressed his views with regard to them. In discussing a treaty of this description I do not believe it is wise to promote anything in the nature of ill-feeling and suspicion. I think we should stick to the terms of the treaty itself and the benefits that we expect to derive from it. I hope that it will work out to the advantage of Canada. Of course I also hope that the Soviet union will receive benefits from it. However, I hope primarily that it will be beneficial to us in this country. In so far as we have been able to secure the sale of what is quite a large quantity of wheat, I am sure it will be beneficial. The wheat will pass through Vancouver, so we are told. Hence it will assist the port of Vancouver. It will go from Vancouver to Vladivostok because the Russians say quite openly—and I think quite properly—that it is cheaper to transport Canadian wheat from Vancouver to Vladivostok than it is to ship wheat from the Ukraine and the wheat fields of Russia by rail to Vladivostok in order to feed the people who have become established in eastern Siberia.

I do not intend to pursue this matter further, Mr. Speaker, except to say that we support the signing of this agreement and express our appreciation to the competent officials—and indeed to the government which employs them—for having negotiated a treaty which I believe will be of benefit to Canada and will assist in easing tensions across the world.

Mr. Victor Quelch (Acadia): Mr. Speaker, we look upon this trade agreement as a straight business deal and one that may be of advantage to both parties concerned. Under the agreement each party accords the other unconditionally most-favoured-nation treatment but article 7 provides that this shall not apply, or perhaps I should say is not to interfere with the exclusive advantages accorded by Canada to British commonwealth nations. In addition certain reservations were made by Canada to prevent serious injury to her domestic producers. Whilst that provision was not actually in the agreement it was in a letter written by Canada to the U.S.S.R. and I understood the minister to say that the letter is actually part of the agreement.

It looks to us to be a very fair agreement. I believe, or perhaps I should say I hope, that it may help to liberalize the thinking and the views of the Russians who come to this country. No doubt some people will say to me that I am indulging in wishful thinking, but on the other hand if we give up that hope in matters of this kind we indeed face a bleak future.

Now, at the time of the signing of the agreement the U.S.S.R. agreed to buy from us between 1,200,000 and 1,500,000 metric tons of wheat over a period of three years at a rate of between 400,000 and 500,000 tons a year. I thought the clause governing the difference between the 400,000 and 500,000 tons that the U.S.S.R. may buy in the second and third year to be a very sensible one. This provision reads:

> The quantity of wheat between 400,000 and 500,000 tons purchased by the Soviet union during each of the second and third years of the validity of the agreement shall be finally determined with due account being taken of the volume of sales of Soviet goods in Canada and the Canadian purchases thereof.

Personally I think that is a very sound principle. I should like to see a principle of that kind embodied in practically all the trade agreements that we have with other countries. I think it would be a very good thing if we could have that principle embodied in the trading relations between this country and the United States because if that were the case we would not today be suffering from an adverse balance of trade in the neighbourhood of a billion dollars. This is a sound principle because it does recognize that trade is a two-way street and that we should at least be prepared to buy a certain amount of goods from them if they buy from us. It is true that the amount of wheat provided for under the agreement signed after the trade agreement was established is not very large. It is between 40 million and 50 million bushels in round figures. After all, though, a number of deals for 40 million or 50 million bushels would add up to a very considerable sum and would certainly help to move the surplus wheat. I am satisfied that this agreement will be supported wholeheartedly in western Canada.

There is no doubt that there is some fear regarding article 5 of the agreement. This article provides that Soviet citizens, when engaged in business activities in Canada, will be accorded the same favourable treatment as accorded the citizens of other states and the U.S.S.R. reciprocates in regard to Canadians in the U.S.S.R. The point upon which I should like to hear the Minister of External Affairs speak, when he does speak, is as to whether or not the treatment given by Russia to citizens of other states is as favourable as the treatment that we will give to the Russians when they come to this country. I understood the minister to say that this will be no different from any other agreement that has been made with other countries. However, I believe that past experience has been that Canadians over in Russia have not had anything like the degree of freedom that perhaps we have allowed Russians in this country. I understand that situation is improving and I hope it may improve still further in the future.

We welcome this new market for wheat from which we will receive Canadian dollars or United States dollars. It will no doubt help us with our problem in regard to the United States. I am glad also to have the assurance that no strategic materials will be shipped. It is rather difficult these days, I think, to define exactly what strategic materials really are because so many foods actually can be used in the manufacture of munitions. On the other hand, I do realize that there are certain goods which can be very definitely classed as strategic materials and those materials will be barred from shipment.

I am also interested in the question that has been asked the minister concerning what commodities are most likely to be exported by the U.S.S.R. to Canada. I hope he will give us a little bit more information on that. I am hoping that we may get some interesting commodities because we have heard so many boasts from Russia that they were the first nation to produce this or that. I am hoping we will get some of these "firsts" shipped over here, some new commodities we have never seen before. No doubt if that proves to be the case there should be quite a wide market in this country for commodities of that type.

I think also it would be a good thing if we could buy from the U.S.S.R. some of the things we are now buying from the United States. In that way we might help to reduce our imbalance of trade with that country. I believe the minister, himself, will agree that our trade with that country is now top heavy. If we can do anything to encourage the purchase of commodities from nations on the other side of the Atlantic instead of buying from the United States, it would be a good thing for this country and might encourage the United States to buy a little more liberally in this country.

I hope also that we will have some words from the Minister of Fisheries (Mr. Sinclair) regarding his experience while he was in the Soviet union. I have read some interesting accounts of some of his experiences, and I am sure all of us in this house would enjoy hearing them at first hand. In closing, I would say we intend to support the agreement because we do believe it will be of advantage, not merely to Russia, but very definitely to the farmers of this country.

Mr. A. H. Hollingworth (York Centre): In the first place I should like to congratulate the minister and his officials upon their brilliant negotiation of this splendid trade agreement. I should like also to commend the hon. member for Eglinton (Mr. Fleming) for his constructive approach to this agreement and for the very many salient facts he brought out about trade with the Soviet union. The crux of the matter is, of course, that Russia wanted to buy our wheat and that we had the wheat to sell. In other words, this wheat market may be of incalculable value to Canada. I think that is the basis of the agreement and the point we should keep in mind.

It is a very favourable treaty, I would say, to both sides; but naturally we are interested in it primarily from the Canadian point of view. I think there is a great deal to be said for this agreement. The hon. member for Eglinton pointed out that in 1954 Canadian exports to the U.S.S.R. amounted to $4,854,000, and in 1955 to $2,680,000, and that the products exported were mainly pulp sulphite, canned meats, barley and cattle hides. It will be noted, Mr. Speaker, that there is no mention of wheat because we did not export wheat at that time. If one considers the minimum per annum to be shipped under the agreement, one will see that 14·7 million bushels of wheat per year will be exported; and if one takes the price of $1.25 per bushel as a minimum, it will be seen that we will be receiving about $18,375,000.

When one considers that our imports from the U.S.S.R. in 1954 and 1955 were respectively $687,000 and $628,000, one will see that this agreement will result in a very substantial and favourable balance of trade from the Canadian point of view. That is extremely good, Mr. Speaker, and as the hon. member for Acadia (Mr. Quelch) has just pointed out, it will take care of our imbalance with other countries to some extent.

I should like to point out it is conceivable that the market established for wheat in the

U.S.S.R. may provide other markets. I have in mind particularly butter, of which Canada is a considerable producer, and second, farm implements. Hon. members will know of the trip to the U.S.S.R. recently made by Mr. James Duncan, president of Massey-Harris. It is to be hoped that other Canadian businessmen will establish and expand their contacts with the Soviet union. I understand that last year only $10,000 worth of farm implements were sold to the U.S.S.R., but conceivably this could be greatly expanded, particularly when one considers the statement of the Minister of Trade and Commerce that it is cheaper to export, say, wheat from the west coast of Canada to Vladivostok than to take it across the Soviet union. Conceivably it would also be cheaper for the Russians to buy farm machinery from Canada than it would be to take it across from European Russia.

Finally I might compliment the minister also on what the hon. member for Eglinton called the safeguards, or the escape clauses, in the agreement. Of course we all realize the importance of making sure that strategic materials are not shipped to the U.S.S.R. It is also equally important that, as a result of this agreement, unfair competition should not result to Canadian producers and manufacturers. I think the minister has taken care of that in the agreement in every possible way.

I concur in the views of the hon. member for Rosetown-Biggar (Mr. Coldwell) that it is desirable to expand our cultural relations, and that any economic and social intercourse between the Russian people and the Canadian people is all to the good. We all appreciate our way of life, and any kind of communication with the Soviet union is certainly to be desired in promoting world fellowship and to ease world tensions.

Again, Mr. Speaker, I want to congratulate the minister and his officials who carried out the negotiations so brilliantly in connection with this treaty.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, there are one or two brief comments I should like to make on this particular resolution. There is no legislation which has come before the house in recent years which will be more welcomed in western Canada. I think the minister and his officials should feel very gratified today. This is an excellent business deal for Canadians.

I welcome this agreement for two particular reasons. In the first place, it is going to sell a substantial portion of our western wheat surplus to the Russians, as I understand it about 45 million bushels over the next three years. I think it is a good agreement also, because any kind of trade agreement between the east and west tends to strengthen mutual relations and understanding among the peoples of the world. I hope this agreement is only a prelude to other agreements which our government will make with iron curtain countries. At this moment I think particularly of China.

I would like today to give a little advice to the Russians. If they really want to increase their trade under this agreement they might emulate in certain respects the people of the United States. I think they might consider making certain investments in Canada. Generally speaking, trade follows investments. We have heard a great deal in the last week or so about foreign investments in this country. Some people profess to see something sinister in these investments. As I see it, nothing could be further from the truth. If the Russians have a little extra capital that they would like to put into our country, perhaps it could be used to advantage by Canadians.

In the field of investment and trade it seems to me that we Canadians must recognize certain basic economic facts. Our post-war boom has been based largely on foreign investment, mainly American. If it were not for that investment I do not suppose we would have such projects as Arvida, Kitimat, Ungava, International Nickel and Steep Rock, much of our oil development and the like. I am sure most thinking Canadians are delighted that there is such a large influx of outside capital coming into this country.

I cannot get very worried about the fact that foreign countries have established subsidiaries in Canada, whether they are Dutch, Belgian, Russian, or American. They employ Canadians; they use Canadian materials; they pay Canadian taxes, and they are helping to develop our country. I think outside companies, particularly American, have invested in Canada not because they want to dominate our country but simply because, as investors, they see a chance to make a lucrative profit in Canada. God help the employment picture in the Dominion of Canada if those countries, especially the United States, should suddenly stop the kind of investing they have been doing in the past 10 years.

There is another field where I would suggest the Russians might emulate the people of the United States, and that is with respect to the activities of Ambassador R. Douglas Stuart. In my opinion Mr. Stuart was one of the best ambassadors ever to be sent to Canada. I think he has done an excellent job. There has been criticism of a speech he made recently in Vancouver. It seems to me that all he was doing was talking elementary common sense. He gave us a few hard economic facts in a friendly way, and I do not think we should resent them. Mr. Stuart has

carried out his duties well and when he leaves Canada, in my opinion, our country will lose a real friend. Therefore I say to my Russian friends, perhaps they would do well to emulate some of the activities of Mr. Stuart.

This resolution could open a new era in Canadian trade. I believe the treaty will be advantageous to both countries.

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, I will start with a comment made by many an hon. member in this house, that I had no intention of entering this debate; but both the hon. member for Rosetown-Biggar and the hon. member for Acadia suggested that because I had been in Russia last summer I should make some comment.

My visit to Russia last summer was primarily a visit that had to do with whaling and fisheries. I have reported to my colleagues in the cabinet on the things I learned there, and have made very long reports to the scientists of our fisheries research board, to the senior officers of my department, to the fisheries association of British Columbia and to the fishermen's union of British Columbia on the fisheries aspects of my visit. When my estimates were before the house I told hon. members that I was more than willing to appear before the standing committee on marine and fisheries to report and be questioned on those aspects.

However, I was in Russia for two and a half months, much longer than I expected to be there, and did have the opportunity of crossing the country from the Baltic sea to the Pacific ocean, and then north to the Bering sea. In that time I had the opportunity to appraise in my amateur way what trade possibilities there were. I must agree with the earlier comments of the Minister of Trade and Commerce that at the moment there do not seem to be very many fields in which we can engage in a mutually profitable trade.

There are pretty obvious reasons for that. We are both northern countries. Well, that is not quite right. We think of Russia as a northern country, but it came to me as somewhat of a surprise when I was there and studied the maps to see how far south Russia does go, down to the boundaries of Persia and Afghanistan. They produce almost all their own cotton, for example; they produce all their own tea, but in general they have the same northern resources as we do.

One of the things that impressed me most of all was the tremendous amount of untouched natural resources, especially in Siberia. Therefore we cannot expect very much of mutual trade in natural resources. As far as the other great block of trade in which this country engages is concerned, consumer goods, I think it is generally known that Russia is very short of consumer goods. The living standards of their people are considerably below the standards of people in the western world, and since they have not enough consumer goods for their own people I think it unlikely that we can develop our trade in consumer goods from them.

The field wherein we have an opportunity for trade as far as exports from our country are concerned is in foodstuffs. Hon. members have already commented with favour on the arrangements made by this treaty for the sale of a considerable quantity of Canadian wheat to Russia. I think perhaps we may also have an opportunity of selling fish products. Russia today is the second largest fishing nation in the world, but they are net importers of fish. Canada is the sixth fishing nation in the world but actually we are the second largest exporter of fish in the world. I hope that perhaps when the Russian minister of fisheries is in Canada this summer we can explore the possibilities of exporting fish to Russia. Iceland today has a very satisfactory export fisheries trade with Russia.

I believe, however, in this matter of exporting foodstuffs to Russia there is a point which my hon. friends should not overlook, and that is how intensely productive free farmers and free fishermen are. This country with a population of 16 million people produces an abundance of food not only for its own people but can afford to ship foodstuffs to Russia, a country of 225 million people which has such enormous resources but which, under collective development, certainly has not been able to achieve the productive record of our free society.

I am of the opinion that the remarks of the hon. member for Eglinton and the speakers who followed him concerning this particular treaty are right. This treaty does represent the opening of a new door, and certainly if we have a free exchange especially of our businessmen in Russia seeking trade opportunities, undoubtedly more trade will develop. This will be greatly to our own advantage, of course, because of the special conditions in the wheat agreement providing for minimum sales, and providing that sales will increase according to the level of purchases from Russia which are made by the Canadian trade.

When I was in Vladivostok on the way out, the mayor of Vladivostok came to see me and asked me to send a wire to the mayor of Vancouver. It was an extremely interesting wire, in which he expressed the hope that trade relations would be resumed in order

that both these great Pacific ports could enjoy the sort of trade they had some years ago. I very gladly sent that wire. In that particular the mayor of Vladivostok was not very different from the mayor of Vancouver or the mayor of any other Canadian town who wants to see the development of his home city. Actually I believe the wheat is going to leave from Vancouver, which is a very good thing for that port. Possibly it is going to be received in the new Russian port of Nahodka, some 70 miles north of Vladivostok. Vladivostok is now primarily maintained as a naval port.

I would like to agree, too, with the other speakers that this is more than just a trade treaty; it is a very positive step forward in trying to build up better understanding between ourselves and the Russian people.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, this is a very pleasant occasion when hon. members of all parties are so unanimous in supporting the resolution before us. I shall try not to interject any sour notes in my remarks. I feel that the Minister of Fisheries who has just resumed his seat and the Secretary of State for External Affairs have performed a most valuable public service not only for Canada but for the entire western world in having visited the U.S.S.R. last year. I am convinced that if it had not been for their visits this resolution would not be before us this afternoon.

I say this is a good thing for the western world, because I think our two ministers have made some contribution toward the establishing of better understanding. I believe a great deal is to be gained by exchanges of ideas. Everyone will, I think, agree that these two ministers are probably in a better position to point up to the Canadian people our important values which we must always maintain. In spite of some unfriendly Canadian performances, I think that the Russian farmers who came to Canada last year went back home feeling that the Canadian people on the whole were somewhat different, and perhaps a little better than the people they expected to find here.

I have a great deal of sympathy for the Minister of Trade and Commerce as he proceeds to develop this sort of trade. My sympathy stems as a result of some of the things which have been said and done by hon. members in this chamber. I was thinking of an occasion a week ago yesterday when for no apparent reason the Leader of the Opposition took it upon himself to refer to the visit to Great Britain today of Bulganin and Khrushchev and the visit to that country a short time ago of Serov. While I am not permitted to quote the exact words used to refer to people we cannot change or do anything about, I am convinced that referring to them as butchers, thugs and murderers, and referring to those who employ Serov as being in the same category, must make it more difficult for those who are negotiating further trade with the people in the country concerned.

The Minister of Citizenship and Immigration a week ago today, when my leader raised the question of Paul Robeson being barred from Canada, said he thought hon. members should be well aware it is not the policy of the government to admit known communists to this country either as immigrants or visitors. Now, Mr. Speaker, I think the Canadian people are quite competent to meet and hear and see whom they will, without the Minister of Citizenship and Immigration employing that sort of language.

This brings me to the sort of problems we are going to have to face very soon. This agreement provides for the firm sale of some 44·1 million bushels of wheat during the next three years. It also provides for the sale of 55·2 million bushels which will be sold on the condition that certain goods are admitted to Canada from Russia. There is a difference between the two figures of approximately 11·1 million bushels.

At this point I want to say that the Minister of Trade and Commerce is an extremely lucky person. When we were discussing some of these problems earlier in the year I am sure the minister had no information to the effect that Europe was to face a disastrous winter which would create such a large demand for Canadian wheat. We rejoice with the minister in that our surpluses are now going to be depleted to a large extent, but I think the minister must not lose sight of the fact that in spite of the unfortunate and disastrous winter in Europe every major wheat-producing country in the world has embarked on a subsidized program which will result in large surpluses of cereals in years to come.

Consequently a country such as Canada, which has depended to a large extent upon the export of cereals, must now pay attention to deals like this under which we can sell an additional 11·1 million bushels of wheat during the next three years providing we buy some goods from Russia. It is not going to be easy to bring in from Russia sufficient commodities to balance that sort of transaction without causing some inconvenience and some disruption to certain Canadian industries. Nevertheless, I think it is in the public interest that we face the fact that these new problems are on our doorstep, and I think they can be solved.

To illustrate the sort of problem that arises, may I give the following illustration. Last

year when the Polish deal was announced I was naturally interested, because our Saskatchewan economy is very closely tied up to wheat and my constituency is particularly interested in the port of Churchill. I was anxious that some wheat, if possible, might move through this port, so I contacted the Polish legation here to find out whether their attention had been drawn to the very decided advantages there would be in having wheat go out through Churchill.

It was too late to get any of it moving last year, but this year I have had some discussions with the people at the Polish legation who have been negotiating these contracts, and their proposition is very reasonable. They point out that they are going to be in the market for wheat for the next ten years at least, and that they probably could buy $10 million worth of wheat from Canada per year if we would increase our purchases from Poland from very little to $5 million.

Their experts who were working on it realize that they cannot expect to sell us wheat, butter or bacon. They have made a very careful study of our imports and the countries from which we import. They pointed out that since we have an unfavourable balance with the United States, we might consider buying from Poland some of the goods which they are prepared to sell, instead of from the United States.

Last year cement was one of those commodities. Last year we had to buy quite a large amount of United States cement and pay a very high premium for it. Polish cement did not get into Canada. This year negotiations were under way again for Polish cement. I happened to meet, at one of those social affairs where members meet people from all over the world, one of the Polish people who had been working on this problem. I asked him how our wheat sales had been going and how the Canadian wheat was measuring up to standards. Apparently our grade 5 wheat blends very satisfactorily with their wheat. They are well satisfied.

I asked how our trade was. That was not so good. It was explained to me that the expert who has been negotiating is a lawyer who does not know much about cement. The competition is very keen, and they were anxious to bring in two cement experts, but they were having some trouble in getting visas to allow them into Canada. I suppose the Minister of Citizenship and Immigration is very particular about who comes in and who stays out.

I said, "If I can be of help, do not hesitate to let me know". They were very pleased with the courtesy that has been extended to them by the Minister of Trade and Commerce and his staff. They explained that it was better to have these things done through the regular channels, and I agreed. I said, "If you find you are going to lose sales or you cannot get by, give me a call".

The day before I went home for Easter I received a call. The Secretary of State for External Affairs was away at Washington. I discussed the matter with one of his officials and pointed out that at some point they had to say yes or no to this sort of request, and I did not think it should take a month to decide whether or not two cement experts should be permitted to enter Canada. However, when I came back after the Easter recess I found that a decision still had not been reached. I think six weeks is too long to take to reach a decision as to whether people should be admitted into Canada.

Whilst one minister of the crown says that hon. members are well aware it is not the policy of the government to admit known communists to the country, I think we would be surprised if any experts from Russia were not communists. I am sure the Minister of Trade and Commerce did not take that point of view when he was asked if he would permit a trade delegation to come to Canada.

I submit that if we hope to be able to sell the additional 11·1 million bushels of wheat involved in this particular transaction, somehow or other we have to be able to clear the applications that come from people who are involved in these transactions. If we do not want them to come that is our business, if we do not want trade, but I think every member who has spoken in this debate has agreed that this particular transaction is certainly in the national interest of Canada. I am sure it would not be completed if it were not in the national interest of Russia, and I am sure that in the years to come we are going to be obliged to have dealings with people who do not go to the same church, who do not have the same coloured skin as our Minister of Citizenship and Immigration, or who do not happen to hold our particular political views.

When you go into your store at home, the manager of that store does not ask these questions. I submit that in this day and age, when we are trying to ease world tensions and trying to promote trade, some of the speeches that have been made in the house and outside the house might well have been left unsaid.

Before I conclude I wish to say again that I think the Secretary of State for External Affairs and the Minister of Fisheries have made this transaction possible, and they deserve high marks for it. I wish the Secretary of State for External Affairs would act

on the suggestion I have made on a number of occasions, that provision be made for the visit of an all-party delegation from Canada. I am sure it would not do any harm and might do some good. There are other industries in Canada, in addition to the wheat industry, that might be interested in an exchange of ideas. The fact that Mr. J. S. Duncan, president of the Massey-Harris Company, a world-wide organization, took time out of a very busy life to go to Russia and spend some time there does suggest that those of us who are charged with looking at the over-all economy of Canada might follow the example set by the Secretary of State for External Affairs and the Minister of Fisheries.

Hon. L. B. Pearson (Secretary of State for External Affairs): Before the motion carries I might say a few words in connection with it, and deal with one or two points that have been raised. This discussion, which has shown, I think, that there is unanimity in all quarters of the house that the motion should be carried and that the treaty should be ratified, as one which will be to the advantage of our country; may even carry with it some political, as well as economic, advantages.

The question of the background of the negotiation of this treaty has been raised. The negotiation of the treaty goes back to last autumn, when an invitation was extended to me to visit the Soviet union. I was asked at that time what I would like to see and what subjects I would like to discuss with representatives of the government in Moscow. After consultation with my colleagues, it was suggested to the authorities in Moscow that one of the subjects would be the development of trade between our two countries. For that purpose an official of the Department of Trade and Commerce accompanied me to Moscow. Possibly, Mr. Speaker, I can add at this time my tribute to that which has been paid by others to the excellent work done by that official, the associate deputy minister of trade and commerce, and other officials of that department and other departments of government, including external affairs, who were concerned with this matter.

These preliminary discussions in Moscow made it clear that there was a reasonable possibility of negotiating a mutually advantageous treaty between the two countries. We made it clear in Moscow, before the negotiations were referred back to Ottawa, that there could be no inclusion of materials on our strategic list in any trade negotiations and, on the other hand, that we would expect a commitment from the Soviet government for the purchase of wheat. It was also made clear in Moscow that the negotiations should be resumed in Ottawa and brought to a conclusion, if possible, here. As the house knows, that was done.

The Soviet government sent a team of trade experts to Ottawa where there was quite a serious and indeed at times difficult negotiation of details of an agreement, with eventual success. It was found by those on our side that those who were representing the Soviet union were competent, straightforward and frank negotiators and, as has been mentioned already this afternoon, personally very agreeable people to deal with. I think we can take satisfaction that the negotiations have resulted in the treaty which is now before the house.

There were difficulties, of course, as would be natural and, indeed, inevitable when negotiations are taking place between representatives of countries which are so different economically, politically and in every other way as those of the Soviet union and Canada. Some of these difficulties were honest ones arising out of misunderstandings of constitutional procedures. For instance, we are today asking the House of Commons to approve ratification of this treaty. In Soviet practice no such approval is, of course, required and, indeed, legally and constitutionally under our own system no such approval is required because ratification is an executive act. It was hard to make the Soviet representatives understand that while legally the executive could ratify and the agreement could go into effect at once, it was our constitutional practice—and a very good practice it is—that no international treaty or agreement of any significance at all, whether political or economic, should be ratified by the executive without the approval of the legislature.

This particular agreement, Mr. Speaker, is substantially the same as those which we have in the field of trade and commerce with most other countries. For instance, for some years we have had most favoured nation treaties with Poland and Czechoslovakia. It is true that these arrangements were made before the communist party took over the governments of those two countries, but the treaties remained after the governments became communist. No special difficulties have been found in the application of the treaties since that time and they have, I think, been of value to our country. There are a good many trade agreements of this type between the Soviet union and western countries, including the United Kingdom, France, Italy, Austria and the Scandinavian countries. It is true there is no such agreement between the United States of America and the U.S.S.R. but hon. members will know, of course, that the administration in Washington is now

seeking congressional authority to dispose of surplus agricultural products to the Soviet union.

I think it will be agreed that this agreement is advantageous to our country in the field of trade and commerce. I think it will also be agreed that no wider Canadian interests, political or economic, are likely to be jeopardized in any way by it. It certainly does not make us unduly dependent, for instance, on the Soviet union as a market for our wheat. Desirable as it is to find markets wherever we can it would, I think, create some uneasiness if this particular market were too large in relation to our total sales, but there is certainly no danger of that happening under this agreement. As hon. members know, the commitment in any one year will amount to between 15 million and 18 million bushels of wheat, which is comparable to our exports to Belgium or to the Federal Republic of Germany, and compares with a figure for last year of 31 million bushels to Japan.

During the course of the discussion the question has been asked, what commodities are we likely to receive from Russia as a result of the trade which we hope will develop between the two countries? That, of course, is a very difficult, indeed an impossible question to answer, especially in the case of trade between two countries in one of which trade is conducted under our system of individual enterprise and free initiative and in the other by a state trading organization. But, as has already been pointed out, production is developing, production is growing in the Soviet union, and it may well be that during the course of the agreement it will be possible for the initiative of Canadian traders to express itself in the development of trade, including imports from Russia, which will be of benefit to this country. I myself have no idea in what direction that trade will move but it is, I think, certainly safe to say that we are beginning a new era of trade development with a country which is already showing increasing strength both in the field of industry and in the field of agriculture.

While it is perfectly true, as my colleague the Minister of Fisheries has pointed out, that under our system of free enterprise and initiative our per capita production capacity is much greater than that of the inhabitants of the Soviet union or, indeed, of other communist states because of the nature of our social and economic organization, nevertheless while that may be true per capita the figures for production in the Soviet union in recent years and the planned figures for the next five years are very impressive indeed. In this connection may I quote some remarks made by the president of the Massey-Harris Company who visited the Soviet union last year, as members know, and who has made some very interesting reports on his visit since his return. In a speech in Ottawa not many weeks ago he said:

> Agriculture is one of the weakest spots of the Russian economy. The process of regimenting the peasant, dispersed as he is over large areas, with his natural yearning for the ownership of a piece of land, and his greater independence and individuality than the city worker, has proven to be a difficult nut to crack.
>
> But I do not wish to weary you with details. I will go no further than to state that, to our eyes, the Russian system of agriculture is undermechanized, bedevilled by bureaucracy, cumbersome and wasteful of manpower.

But he went on to say this:

> The vitality and drive of the Russian dictatorship and of its people is, however, clearly illustrated in this field also—

That is the field of agriculture.

> —by the fact that during the years 1954 and 1955, they brought under the plow 70 million acres of virgin land, an area so vast that it exceeds by 10 million acres the size of the United Kingdom.

Then, as to what had been done in the field of industrial production he had this to say:

> Thus it is that having largely recovered from the damages of war, Russia's economic strength has taken a great step forward during the past five years, and you may have seen in the press only a few days ago that her new five-year plan includes an all-out drive to increase her industrial production by 1960 to two-thirds of the U.S. figure for 1955. In this plan, Russia now declares that she has it within her means to become the world's mightiest industrial nation. Having observed the manner in which Russia in the past has met and frequently exceeded her five-year objectives, I am not prepared to shrug off these recent assertions as being mere boastfulness.

That is what Mr. Duncan says. He continues:

> Do not let us forget, when one considers the amazing increase of Russian industrialization in recent years, that it is based in no small measure upon the good old premise of hard work, to which we also used to be dedicated. Much can be accomplished by a nation where all men and all women work 48 hours a week.

So, Mr. Speaker, when we are approving a trade arrangement with the Soviet union we are approving an arrangement with a country which is making great strides forward in industry and in agriculture. There are political as well as economic implications in that fact.

It may be asked—indeed it has been asked, though not in this debate—whether the Soviet union will carry out the obligation which it has undertaken to Canada with respect to wheat purchases. I think we may have confidence that it will do so. Self-interest, if no other reason, would dictate that it should do so. Apart from its need for wheat, a failure to do so would damage its international reputation in trade matters,

and it would appear to be a little bit more sensitive about that reputation now than it was some few years back. Certainly we would regard any failure to fulfil its wheat obligations as a violation of the trade agreement itself. The exchange of letters re purchase of wheat is as binding—and it is understood to be so—as are the articles of the agreement itself.

It should also be emphasized—and this has been pointed out also this afternoon, more particularly by the hon. member for Eglinton—that in this agreement there is nothing which would prejudice in any way our security interests because of the safeguards that have been written into the agreement. It may well be that because of this agreement the Soviet union may wish to set up in this country certain trade facilities for the carrying out of the agreement, more particularly the obligation to purchase wheat. For that purpose it may wish to open a trade office in this country.

Indeed, Mr. Speaker, the government has already received from the Soviet government a request to that effect, namely for the opening of a small trade office more particularly for the purpose of purchasing wheat. That request is now under consideration and a decision with regard to it will be taken very shortly. No request has been made for the opening of any office with diplomatic privileges or immunities, and the government would not be disposed to agree to the establishment in this country of any diplomatic office outside of the embassy in Ottawa.

Trade is one field in which it is possible for us to bring about at this time a more normal relationship with the Soviet union without prejudice to our own security or our own ideals, and without diminishing in any way our close association with our friends in other parts of the world. In this treaty we are not, of course, giving the Soviet union anything that we have not at least in equal measure given to all friendly countries long ago. It would have been unreasonable, in my opinion —and I think this opinion is shared in all quarters of the house—for the Canadian government to have failed to take advantage of this opportunity to enter into a sensible and useful agreement. I think we would have been open to justifiable criticism from responsible and moderate people, both here in Canada and abroad, if we had turned our backs on the possibility of a reasonable working relationship with the Soviet union in this field.

We all long for the day when there may be sufficient mutual trust that reasonable arrangements of this kind, even with communist countries, not only in trade but in many other fields, will become the rule rather than the exception. If this trade agreement and the experience of both countries with its operation over the next three years help toward that end by reducing suspicion, we shall have good cause to be satisfied with it on political as well as economic grounds.

Mr. Green: May I ask the minister whether he can say where this Russian trade office is to be located in Canada?

Mr. Pearson: Mr. Speaker, I think the suggestion made by the Soviet authorities was that it should be in Vancouver. That would be the most convenient place from the point of view of wheat shipments.

Mr. Donald D. Carrick (Trinity): Mr. Speaker, I should like to say just a few words on this agreement. First of all may I say that, like all other hon. members of this house who have spoken thus far, I am in favour of the agreement. I do not desire to sound any discordant note, but the agreement raises a problem which must trouble other hon. members of the house. I refer to the problem that is raised of diplomatic and trade relations with a country the principles of whose government we abhor.

I represent a riding in the city of Toronto that probably contains more ethnic groups than does any other riding in Canada. It has been my pleasure to be closely associated with the leaders of a number of those groups, and I am familiar with the views they hold with regard to Russia. In my riding there are representatives of ethnic groups from the Baltic countries of Estonia, Latvia and Lithuania. I need only remind hon. members of the house that it was in 1940 that the Russians invaded those countries when Germany was attacking Poland. They were driven out of some of those countries by the Germans, but the Russians re-established themselves in 1944.

I mention these facts only to indicate the depth of the feeling that is entertained by the people who come from these countries. The same hostility is felt by people who have come from Poland and Czechoslovakia, and by people who have come from the Ukraine and Byelorussia, both of which at the present time are parts of the Soviet union.

We ask ourselves how these conditions came about. We know that the conditions were created because of aggression by the U.S.S.R. We know that one principle adopted by the U.S.S.R. at the present time, as a natural consequence of communism and atheism, is hostility toward religion. We have seen evidence of persecution of churchmen in all these countries. We know the U.S.S.R. now has its paid agents and fellow

travellers in every democratic country whose sole object is to subvert the democracies in which they are living. We know also beyond doubt that the ultimate object of communism is domination of the world.

Everyone is in favour of improving our relations with Russia, but it is my respectful submission to the house that lasting improvement in these relations can only be based upon the principles of justice. It is not possible to have a system of justice prevailing until the peoples in those countries have been given the opportunity of getting the kind of government they want, and not the government that is forced upon them by the U.S.S.R. There cannot be justice until the slave camps have been abolished in the U.S.S.R., and we will never feel at ease until it ceases to be the policy of the U.S.S.R. that they will endeavour to subvert the democratic countries.

May I just say this, that while I welcome the agreement I hope it will not have the effect of lulling us into acceptance of the injustices we know exist in the U.S.S.R., and that we may use the better relations that may be established as a means of working toward the removal of these evils.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say just a few words, and in doing so I join in the chorus of approval that is being expressed for the agreement, ratification of which is now before the house.

I do not wish to repeat any of the arguments or points that have been made, but there do seem to me to be one or two things that might yet be said. I have been interested in the statements made from the government side to the effect that, though the negotiations in the end were successful, they were not without their difficulties along the way. I can well imagine that there were a number of difficulties, not only because of the language problem but because of the different approach to trading that obtains in our two countries. I can imagine that, just as in any sort of bargaining each side wants to get the best possible deal, undoubtedly that would be the case in these negotiations. Nevertheless, Mr. Speaker, the fact we are witnessing today is that these negotiations, serious and difficult though they have been along the way, were at last successful.

One does not want to read too much into any result such as that, but I think we should take hope from the fact that it is possible, in the very difficult field of trading, for the representatives of our nation and of the Soviet union to sit down and work out an agreement which is mutually satisfactory. Let us hope that means that by persistent effort, by practising the virtue of patience, by determination, we may yet achieve better and more satisfactory relations between our two countries in other fields for the good of mankind and for the peace of the world. I hope that what we are discussing today is only a step in the direction of improving relations between our two countries.

I have been interested also, Mr. Speaker, in the comments made by the Minister of Fisheries and the Secretary of State for External Affairs concerning the standard of living that now obtains in the Soviet union. The Minister of Fisheries referred to the scant volume of consumer goods he found in that country. Both he and the Secretary of State for External Affairs referred to the low productivity per capita that obtains in Russia as compared with the productivity per capita of our Canadian economy. The Secretary of State for External Affairs was quick to point out that though the per capita productivity may be lower in the U.S.S.R. their absolute productivity in terms of volume is of course very great.

As one who, like the two ministers and Mr. J. S. Duncan and others, had the privilege, although 10 years ago, of spending a few days in the Soviet union, I am interested in the reports that have been made by those who have visited that country more recently. I felt then, as these gentlemen do now, the sense of vitality and drive, the vigour of the people, despite what the Minister of Fisheries said about the standard of living of the people being low by comparison with our standards in this country. When I was there that was certainly true in such things as food, clothing and shelter, though as I reported to this house after my return from that visit in 1946 one had to admit that the Russians were in a different world when it came to the theatre and the cultural field. The interest of these people in those things is much greater than their interest in food, clothing and shelter, and that interest was being expressed in many more of them getting advantages of that kind than is the case here.

What I wanted to say particularly, Mr. Speaker, was that I think we would be deluding ourselves if we were to assume that the low volume of consumer goods which obtains in that country will always be the case. It certainly was the case when I was there and the Minister of Fisheries says it is the case now. One of the many interesting visits I had while there was to a Soviet factory in Moscow. My father was a railway machinist, and I know something of what machines look like in a factory. I knew the kind of machinery I was inspecting in that factory. It consisted mainly of lathes and planers. I asked

through an interpreter what this factory was producing and I was told it was producing mainly lathes and planers. Then I asked where this heavy machinery was being sent, and to what use the lathes and planers produced in that factory were to be put. The answer was that they were being transported to other factories which were to make more lathes and more planers.

I wondered, of course, when some consumer goods would come out of the process. I was told that along the way there were certain things produced, but only in limited quantities. In fact in this very factory which was producing lathes and planers they were producing a few baby carriages. There seemed to be quite a contrast between the heavy character of the lathes and planers and baby carriages. The point was that their main interest at that time, and I take it from the Minister of Fisheries it probably still is so, was not in consumer goods. Their main interest was in more and more machinery to produce still more machinery.

Surely what we must realize is that one of these days that process of mechanization will reach the point where they will start to produce consumer goods. When they do that volume, as we can imagine, will be of tremendous proportions. I suggest, Mr. Speaker, that when that day comes, when their system permits or arranges for people to start to have more consumer goods, it is going to be to the advantage of Canada or any western country, to have already established trading relations with these people.

My guess would be that when that day comes they will in the main produce their own consumer goods. But since we recognize that trade is a two-way street, that trade is a means whereby we can both profit, we producing the goods that we can produce most economically, and another country doing the same, it seems to me it is quite possible that the day may come when to the advantage of the Russian people and to the advantage of any other nation that is trading with them, there could and will be trade in consumer goods.

For that reason, Mr. Speaker, it seems to me that we would be following the part of wisdom, both for our own standard of living and for theirs, and thereby for the good of mankind and the peace of the world, if we would develop, on the basis of the agreement that we have now established, further trading relations, and if we would keep active and alive the kind of negotiations that have been carried on leading up to this agreement which the house is now prepared to ratify.

I join in the commendation that has been paid to Mr. Sharp and others who did the main part of the work in connection with these negotiations. I hope the Minister of Trade and Commerce will keep other people alert on the job so that as conditions change in that country, as change they will, we shall be in on the ground floor for trading relations in these other fields.

Toward that end, Mr. Speaker, as well as for other reasons mentioned, for the good of the peace of the world, for more understanding amongst our peoples around the world, I support the plea that has been made again today by the hon. member for Mackenzie to the Secretary of State for External Affairs that there should be more visits back and forth between that country and this, including visits by members of parliament. I think exchanges of visits by other people from other walks of life would also be important and valuable both for us and for them.

I hope that what we are doing today will suggest to the government that more thought should be given to this as well as to what I have already suggested, namely a continuing interest in the possibility of developing trade relations with this country in other fields. I am sure we all agree that in this way, the way of trade, the way of seeing more of each other, the way of mutual understanding, the way of raising the standards of living in our countries the world around, lies the possibility, if we will make use of it, of establishing a more secure peace for mankind. On that basis I join with all the others who have spoken in supporting the motion which is now before the house.

Motion agreed to.

ATOMIC ENERGY

SPECIAL COMMITTEE TO EXAMINE INTO ROLE OF GOVERNMENT IN NON-MILITARY RESEARCH

The house resumed, from Wednesday, March 14, consideration of the motion of Mr. Howe (Port Arthur):

That a special committee be appointed to examine into the role of government in the field of non-military research in Canada, including:

(a) operations in the field of atomic energy,

(b) operations of the national research council.

That the committee be empowered to sit during the sittings of the house and to print such papers and evidence from day to day as may be ordered by the committee and to report from time to time; and that notwithstanding standing order No. 67 the committee shall consist of 20 members.

Mr. Claude Ellis (Regina City): Mr. Speaker, in order to conclude my remarks before six o'clock I shall be very brief and condense the remarks I had intended to make at this time.

As on other occasions, I feel that the resolution before the house proposes to deal with

a very serious problem in a rather unsatisfactory way. A committee has been suggested which has been stripped of the powers necessary to do the type of job which we feel should be done at this time. I know Your Honour will take serious objections if I reflect on the vote on the amendment to this particular motion, but I think the fact the committee is not able to send for persons, papers or records seriously handicaps it in the type of work which we think it should carry out.

There are one or two other disappointing aspects to the debate on this resolution. The first I feel is the lack of enthusiasm on the part of the government. I feel that they were constrained to proceed with the setting up of this committee by pressure from the official opposition group, and that having set up this committee they think they have discharged their responsibilities in this particular field.

I am also disappointed in the approach to this problem as expressed by Conservative speakers. I have read very carefully the remarks which hon. members to my right have made, and I have concluded that their main argument is that the government ought to be giving greater assistance to private business in the field of research. I have come to the conclusion that that is the burden of their arguments; that private business wants further assistance from the government, and that as far as they are concerned they see this particular move as a means of reaching that objective.

When the hon. member for Broadview spoke in this debate he referred to the United Nations report published last January showing the percentage increase in manufacturing production, and he placed on record some very interesting figures. The figures indicate that in the 6-year period from 1948 to 1954 the percentage increase in manufacturing production in Japan was 230 per cent; in West Germany, 205 per cent; in France, 38 per cent; in India, 36 per cent; in the United Kingdom, 33 per cent; in the United States, 22 per cent; and in Canada, 17 per cent. These figures are very interesting, but the inference I draw from them is that private business has not been doing the job. It is an indictment against the free enterprise system. What he is saying, in effect, is that since Canadian business has failed to keep pace with industrial research it is up to the government to get into the field and give it a further handout.

It seems to me, Mr. Speaker, that is the main burden of the argument presented by members of the official opposition. If we look at the role of the government in research I think we shall find that already business in Canada is getting very substantial assistance in the way of tax concessions. They are in a position to carry on research work in order to keep pace with business in other parts of the world. We know that in recent years corporation profits have increased to such an extent that there is no reason why Canadian business cannot spend more money on research.

Every time the old age pensioners, or persons on war veterans allowances or pensions, come to the government and ask for additional assistance, they are lectured by the spokesmen of private enterprise. They are told that it is demoralizing to accept government help, yet the amazing thing is that when it comes to government assistance, assistance from the public purse, the industrialists of this country are out there with both arms thrown wide and fingers open waiting for assistance.

As far as the national research council is concerned, I noted in their report for 1954 that during that year 7,500 technical inquiries had been made on behalf of private business in Canada at the taxpayers' expense. The point I am trying to make at this time is that rather than looking upon the research program merely as a means of providing greater assistance, or additional assistance, to private business, we ought to be looking upon the research program and the effect it is going to have on the country as a whole.

I think many spokesmen for business have expressed similar points of view. I note that in a recent issue of the *Financial Post* Dr. Stratford, who is I believe the president of the research council of Ontario, pointed out that there is very little industrial research being done by private business in Canada. He points out that in his opinion not more than a half dozen Canadian firms are doing a proper job of research; yet many of these firms that are doing little or nothing in the field of industrial research are spending fortunes on advertising and so-called public relations. Their profits have increased greatly in the post-war years.

It seems to me that if corporations are increasing their profits they have an obligation to spend more of their income on research. The shocking situation revealed by the hon. member for Broadview when he spoke a few days ago in quoting the United Nations report that Canada lags far behind the other nations of the world in respect of industrial research indicates the failure on the part of Canadian business to meet its obligations.

Hurrying along, Mr. Speaker, I should also like to refer to a statement made by Mr. B. M. Brophy, who I believe is a former deputy

minister of trade and commerce. In an article which appeared in the *Financial Post* on June 11, 1955, Mr. Brophy said:

> Canadian dependence on foreign research and development is too well known to need emphasis. Indeed it can be argued that much of our industrial development has been the result of the know-how provided for us by the parent companies of our foreign based concerns.

A little later in the same article he says:

> We should have no quarrel with this arrangement for obtaining know-how, in our present circumstances, but is it adequate in the light of our ambitions? Is not a more appropriate approach warranted to this problem of obtaining such a vital ingredient of industrial progress? Should we not inject some plan and purpose into our own managerial thinking? After all, Canadian requirements in the field of research and development are not identical with those of other countries.

We have here a spokesman for the Ontario research council, a man who was high up in the government a few years ago, telling Canadian business the same thing. It is time the business interests of this country stepped up their own research programs, yet we find that the main burden of the argument proposed by some hon. members in this house is that the government's role in the field of research should be to give additional assistance directly to private interests.

As Canadians I think we are extremely proud of the role of our national research council. I believe the work they have been doing is quite indicative of the greater service which they could render to Canada if their facilities were greatly expanded. It is not necessary for me to burden the house with statements made by various individuals from time to time pointing out the fact that we are falling behind in turning out scientists and technicians from our universities. It is quite obvious that while the national research council must be the focal point of any research program in this country, we have to have a broadly based program, and that means giving greatly increased direct assistance to our universities. I realize that the national research council has made grants and that these amounted to $2,500,000 in 1954, but this is a paltry amount in terms of present needs. Any research program must be based upon the Canadian educational system. We have to provide for a greater flow of high school graduates into our universities in order that we might do a more effective job. It seems to me that this is the main role of the government in a research program. I think Canadian business with its increased profits and with the tremendous expenditures which are made on advertising could well afford to spend a greater part of its income in the field of applied research.

As far as our research program in general is concerned, I suggest that it has to be broadly based. This brings up something which we have been arguing for a long time. It involves federal assistance to education in Canada. It seems to me that we are not going to have our young men and women entering universities unless we have high school graduates, and high school graduates depend upon our whole educational set-up.

As I have already said, we in Canada feel justly proud of the work done by the national research council although I think its employees are grossly underpaid. I suggest that as a result of their low salaries they are indirectly subsidizing Canadian industry. A great number of inquiries have been made by private businesses in Canada, and they have been accommodated to a large extent by the national research council. Since the employees of the council receive very low salaries, salaries far below those which they deserve, they are in effect providing a substantial subsidy to private industry. If we are thinking in terms of a research program I think we will have to provide more adequate remuneration for those Canadians who are taking part in that program.

I have some other remarks I wish to make, Mr. Speaker, but unless another hon. member wishes to speak I shall conclude my remarks now to facilitate the taking of the vote.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we will start with the trans-Canada highway and then take the St. Lawrence seaway authority; then a resolution which will appear tomorrow morning under motions with respect to a branch line of the Canadian National Railways, then the transport control resolution and the housing resolution.

Mr. Fleming: In that order?

Mr. Harris: Yes.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

POSTAL SERVICE—INQUIRIES REGARDING NON-DELIVERIES

Question No. 296—**Mr. Hamilton (Notre Dame de Grace):**

For each of the last ten fiscal years, how many inquiries have been received by the Post Office Department concerning delays or non-delivery of mail matter?

Answer by: **Mr. Kirk, Parliamentary Assistant, for the Postmaster General:**

	Delay	Non-Delivery
1945-46	60,146	112,938
1946-47	58,795	120,353
1947-48	45,021	112,650
1948-49	42,969	112,541
1949-50	38,114	120,898
1950-51	38,251	117,013
1951-52	37,679	117,909
1952-53	30,458	164,332
1953-54	36,754	131,403
1954-55	39,641	127,927

LIGHTHOUSE-KEEPER VACANCIES

Question No. 377—**Mr. Robinson (Bruce):**

1. How many lighthouse-keeper positions have become vacant since January 1, 1954, by provinces?

2. How many of these vacancies have been filled by transfers of keepers from other lighthouses, and at what locations?

3. How many of these vacancies have been filled by persons who had not been previously lighthouse keepers?

4. At what locations and on what dates?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

Information covers full-time positions of lightkeeper under the civil service commission and does not include part-time appointments. Positions are open to public competition only after qualified lightkeepers have been given an opportunity to apply for transfer, promotion or favourable demotion to a vacancy.

1, 2, and 3.

—	Vacancies since Jan. 1, 1954	Number and location of vacancies filled by transfer or promotion	Vacancies filled by persons not previously lighthouse keepers	Positions abolished
Newfoundland	7	1—Rose Blanche	6	—
Prince Edward Island	3	-	3	—
Nova Scotia	17	5—Devil's Island, St. Esprit Island, Cape Sharpe, Jerseyman Island, Scatari.	12	—
New Brunswick	10	5—Swallowtail, Machias, Long Eddy Point, Grand Harbour, South West Head.	4	1
Quebec	8	4—Little Metis, Ile au Marteau, Etang du Nord, Point des Monts.	3	1
Ontario	19	6—Long Point, Toronto Harbour West Gap, Kincardine, Welcome Island, Point Abino, Pelee Passage.	9	4
British Columbia	9	2—Langara Island, Pointer Island	7	—
	73	23	44	6

4. Newfoundland—Burnt Island, Dec. 1, 1955—St. Lawrence Point, Jan. 16, 1956—Ferrolle Point, Nov. 5, 1954—Fortune Head, June 16, 1954—Peckford's Island, June 28, 1954—Baccalieu Island, July 1, 1954.

Prince Edward Island—Shipwreck Point, June 6, 1955—Souris East, July 11, 1955—Point Prim, Sept. 8, 1955.

Nova Scotia—Ouetique Island, Dec. 1, 1955—Lockeport Gull Rock, Nov. 1, 1954—Green Island, Feb. 1, 1955—Owl's Head, May 1, 1955—St. Paul's Island South Point, Sept. 15, 1955—Jeddore Rock, Oct. 13, 1955—West Ironbound, April 29, 1954—Woods Harbour, May 3, 1954—Port Mouton, Dec. 1, 1954—Cape Roseway, Oct. 26, 1955—Fourchu Head, June 6, 1955—Apple River, April 27, 1955.

New Brunswick—Upper Fox Island, April 15, 1955—Big Duck Island, Aug. 1, 1955—Portage Island, Nov. 1, 1955—South West Wolf, Nov. 12, 1954.

Quebec—Heath Point, March 1, 1954—Bird Rock, Sept. 17, 1955—South West Point, Anticosti, April 1, 1954.

Ontario—Michipicoten Island, April 5, 1954—Port Stanley, July 1, 1954—Port Dalhousie, Sept. 1, 1955—Niagara-on-the-lake, June 21, 1955—Otter Island, April 1, 1956—Great Duck Island, April 1, 1956—Main Duck Island, April 10, 1954—Peninsula Harbour, March 27, 1954—South East Shoal, March 25, 1955.

British Columbia—Green Island, Feb. 8, 1954—Egg Island, May 3, 1954—Triple Island, June 17, 1954—Ivory Island, June 24, 1954 and Nov. 23, 1955—Cape St. James, March 2, 1955—Addenbrooke Island, Sept. 9, 1954.

"HANSARD" DISTRIBUTION

Question No. 391—**Mr. Bryce:**

How many *Hansards* were distributed or sold during each of the years, 1951, 1952, 1953, 1954 and 1955?

Answer by: **Hon. Roch Pinard (Secretary of State):**

	Subscriptions—Unrevised Edition		
Sessions	Sold	Free distribution	Total
1951	4,345	7,755	12,100
1952	4,560	7,240	11,800
1952-53 .	4,700	7,100	11,800
1953-54 .	4,620	7,430	12,050
1955	4,580	7,198	11,778

In addition, 100 sets are placed in stock to meet demands for single copies, sales of which are not recorded separately.

RAILWAY MAIL TRANSPORT

Question No. 397—**Mr. Knowles:**

1. What proportion of the mail transported by rail is carried by (a) the Canadian National Railways; (b) the Canadian Pacific Railway?

Questions

2. On what basis is the apportionment of mail between the railways made?

Answer by: **Mr. Kirk, Parliamentary Assistant, for the Postmaster General:**

1. Payments are based on size of postal cars used and distance mail is conveyed and not on mere volume of mail. The proportion is best indicated by the record of payments which for the fiscal years 1953-54 and 1954-55 were—

	C.N.R.	C.P.R.
Fiscal year 1953-54	$7,291,792.69	$7,211,491.27
Fiscal year 1954-55	7,032,856.37	6,854,943.62

2. The most expeditious dispatch and routing of mails, with due regard to economy in operation.

LIGHTHOUSE KEEPER, MADELEINE-CENTRE, CAP MADELEINE

Question No. 401—**Mr. Dufresne:**

1. Was the keeper of the lighthouse at Madeleine-Centre, Cap-Madeleine, county of Gaspe-Nord, retired recently, and what is his name?
2. Has a successor been appointed to this position?
3. If so, what is his name and is he a veteran?
4. Did the civil service commission advertise an examination in connection with this vacancy, and on what date?
5. Were all applicants notified as to date of examination?
6. What are the names of veterans who filled in applications?

Answer by: **Mr. Langlois, Parliamentary Assistant, for the Minister of Transport:**

There is no light station known as Madeleine-Centre. If the question refers to the Cap-Madeleine light station the answer is as follows:

1. No.

2, 3, 4, 5 and 6. Answered by No. 1.

HOUSE OF COMMONS

Thursday, April 19, 1956

The house met at 2.30 p.m.

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION OF BRANCH LINE FROM BARTIBOG TO TOMOGONOPS RIVER, NEW BRUNSWICK

Hon. George C. Marler (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to authorize and to provide for the construction by the Canadian National Railway Company of a line of railway from Bartibog to the Tomogonops river, in the province of New Brunswick, being approximately 22 miles, at a total estimated expenditure of $2,800,000. The measure will include authority for the issue by the company of securities, which may be guaranteed by the government, to finance the construction. To enable the company to proceed with construction forthwith, temporary loans may be made to the company out of the consolidated revenue fund upon terms and conditions prescribed by the governor in council, and may be secured by company securities.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Marler: Mr. Speaker, I hope it will be possible to deal with this resolution later this day.

Motion agreed to.

AIR TRANSPORT

STATEMENT ON ACCIDENT TO UNITED STATES AIR FORCE PLANE

On the orders of the day:

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, yesterday I promised the hon. member for Esquimalt-Saanich and the hon. member for Rosetown-Biggar that I would make a statement today with respect to the incident which occurred at Mount Hope airport near Hamilton on Tuesday last.

About 1.30 in the afternoon a United States air force C124 Globemaster, carrying a crew of 15 in addition to 81 United States air force servicemen as passengers, made an emergency landing at the Royal Canadian Air Force station, Mount Hope. While en route from a base in Ohio to a base in Newfoundland, the aircraft developed gasoline leakage in its starboard wing. Efforts to stop the leakage failed and, because of the serious fire risk, the pilot stopped the two starboard engines. Inability to maintain altitude, a continuing fire hazard and weather limitations at other airfields in the vicinity led the pilot to select Mount Hope for an emergency landing.

During the approach to the airfield attempts to lower the undercarriage failed and the pilot correctly decided to carry out a wheels-up landing in a grass area clear of the concrete runways. This he skilfully accomplished without injury to any of the 96 servicemen aboard, who hastily evacuated the aircraft, some carrying the arms which were part of their service equipment.

Spectators quickly gathered and soon included press reporters and photographers. Only a small detachment of Royal Canadian Air Force personnel was available and Squadron Leader C. A. Bayley, officer commanding at Mount Hope, immediately conferred with the captain of the Globemaster and arranged that the small R.C.A.F. detachment would endeavour to control access to and from the airfield and that the U.S. air force members would stand guard over the aircraft. The aircraft was still carrying 4,000 gallons of gasoline which was leaking from the plane, and there was extreme danger that the escaping fumes would become ignited by electrical shorts, flash bulbs or sparks from some other cause. For this reason no U.S.A.F. or any other personnel were permitted to come near the damaged aircraft for two and a half hours after the crash landing. In the course of carrying out their duties the guards restrained all persons from approaching closer than approximately 50 yards, explaining to them the great danger of fire. Photographers were permitted to take photographs of the aircraft from beyond this distance.

News reporters who requested information from the guards were asked to proceed to the entrance office where Squadron Leader Bayley and the captain of the aircraft would endeavour to answer their inquiries. Those newsmen who availed themselves of this opportunity later expressed their satisfaction for the co-operation thus extended.

One small group of three news photographers, unobserved by the guard, came closer than 50 yards before they were seen. They were told that they could take photographs but not closer than 50 yards because of the fire hazard. They were also told of the facilities arranged to provide information.

The news photographers then withdrew, but one of them again came forward and was

asked to move back by Lieutenant Davis, U.S. Air Force, who was in fact third pilot during the emergency landing. This news photographer, Godfrey Scott, ignored the request, whereupon the officer drew his revolver and, although not pointing it at anyone, again warned the photographer not to come any closer. After some words Mr. Scott asked the lieutenant to put his revolver away. This he did, and the photographer then withdrew, having in the meantime, I think, taken a picture.

Shortly after this incident, some news photographers and/or newsmen asked a U.S.A.F. sergeant, who had his rifle slung over his shoulder, if he would unsling his rifle and hold it in his hands in front of him to be photographed. This request was complied with, the sergeant explaining as he did so that the rifle was not loaded. It was this photograph which appeared on the front page of yesterday morning's *Globe and Mail*, and I am told that it was pictures of this sergeant and his rifle which appeared in the television news Tuesday evening and again last night. Hon. members can form their own opinion of posed pictures under such circumstances.

Mr. Knowles: One ear or two?

Mr. Campney: I have mine. On the facts as presented to me, I cannot find anything to criticize in the incident except possibly the judgment of the U.S.A.F. lieutenant in drawing his revolver. It should be borne in mind, however, that this man had just miraculously survived a crash landing, that he was very cognizant of the danger of fire and explosion and that he had been posted to guard the plane against further accident. Anyone, under all these circumstances, might have been guilty of an error of judgment, if such it was.

Yesterday afternoon Hon. Donald Quarles, secretary for the air force of the United States, telephoned me and expressed in a most courteous way his sincere regrets concerning the incident.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, I feel sure that the minister accepted the apology. There is one question that I should like to ask and it is this. Did Squadron Leader Bayley receive advance notice that this aircraft was going to land at Mount Hope? If so, at what time was that information received?

Mr. Campney: Squadron Leader Bayley's station had the aeroplane under observation for quite some time, but in the initial stages of the trouble that the pilot had gotten into, he tried to make first one airport and then another in the United States. As he was losing height rapidly, this proved impossible, and it was only about five minutes before he actually came into the airport that he asked to make an emergency landing. He was endeavouring to get back to his own country but was obliged to land at Mount Hope.

Mr. W. B. Nesbitt (Oxford): I should like to ask a supplementary question. The minister mentioned in his statement that at the station there were not sufficient personnel available, as I understand it, to provide a guard at the time. Was the station not fully manned by R.C.A.F. personnel?

Mr. Campney: May I say that, while there are a considerable number of personnel at Mount Hope, it is a small station and the men all have various duties in which they are engaged on the station throughout the day. This was an emergency landing. As I have just said, they had only about five minutes' notice, and the number of men quickly available were much less than the number of men available from the aircraft. Squadron Leader Bayley, I think very properly, as soon as he took control of the situation, divided up the duties and gave his instructions, which were carried out.

INCOME TAX

REQUEST FOR EXTENSION OF DEADLINE FOR FILING IN FLOODED AREAS

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): I should like to direct a question to the Minister of National Revenue. In view of the prevailing flood conditions on the prairies, would the minister give consideration to postponing by one month, in the areas affected, the deadline date for filing of income tax returns, as was done in 1950?

Hon. J. J. McCann (Minister of National Revenue): Although we are aware somewhat of the conditions that obtain in Manitoba, it is not our intention to postpone filing of income tax returns beyond April 30. It should be borne in mind that taxpayers are now in their fourth month in which they have the opportunity of making their returns.

Mr. Dinsdale: I should like to ask a supplementary question. I should imagine the minister is aware that the precedent was established in 1950?

Mr. McCann: That was not a beneficial experience.

[*Later:*]

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, may I ask a question supplementary to the question asked by the hon. member for Brandon-Souris of the Minister of National Revenue? While it is true that income

tax returns can be filed during four months, it is very well known that most of us leave it to the last moment. Will the minister not consider finding out whether in fact the conditions described by the hon. member are such as to make it difficult, or even impossible, to carry out this duty in the next 10 days, and will he not look into it and consider whether it would be reasonable to make this concession?

Mr. McCann: Mr. Speaker, we are in touch with our offices in the west almost every day, and this is a matter of which we have knowledge. In talking it over with the officers of the department we find that should there be under any circumstances an extension of time for filing reports it interferes greatly with our staff in doing the work which is planned to be done within the year.

EXTERNAL AFFAIRS

REPORTED CEASE-FIRE AGREEMENT BETWEEN ISRAEL AND EGYPT

On the orders of the day:

Mr. Daniel McIvor (Fort William): I should like to ask a question of the Secretary of State for External Affairs. I am sorry I could not give him notice. Is there any foundation in fact for the good news that came over the radio at noon that a cease-fire truce has been signed between Israel and Egypt?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have not heard the news that came over the radio at noon, but a telegram was received this morning to the effect that it was hoped that a cease-fire agreement would be signed this morning. I assume from the radio news that that has been done, and I am sure all members of the house will be very glad indeed to hear it.

GRAIN

WHEAT—INQUIRY AS TO FINAL PAYMENT ON 1955 CROP

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): I should like to direct a question to the Minister of Trade and Commerce. Could the minister comment on the story in this morning's newspaper regarding the wheat surplus reported at the end of March and whether anything further can be said about closing out last year's harvest?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I do not know what I can say about the figures. I read the article, and it seemed to me that they are not correct, but they may be; I do not know. Everyone knows that after we harvested the last crop we had large stocks of grain in the west. As far as the final payment on the last pool is concerned, I hope to make a statement shortly.

HOUSE OF COMMONS

SUGGESTED SUPPLEMENTARY RETURN TO SESSIONAL PAPER NO. 215

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State? In view of the fact that sessional paper No. 215, which was tabled yesterday, having to do with cabinet ministers and directorships, contains information from only six of the 19 members of the cabinet, can he say whether there will be a supplementary return?

Hon. Roch Pinard (Secretary of State): I shall look into the matter.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO PROVIDE FOR HIGHER CONTRIBUTION TO COSTS OF HIGHWAY

Hon. Robert H. Winters (Minister of Public Works) moved the second reading of Bill No. 214, to amend the Trans-Canada Highway Act.

He said: Mr. Speaker, when the Trans-Canada Highway Act became law on December 10, 1949, it was our hope that within seven years of that date there would be a good all-weather transcontinental road in Canada. When nine of the ten provincial governments subsequently signed agreements with the federal government we had good reason to anticipate that by the end of this current year, that is, by the end of 1956, Canada would at least have a high standard paved highway from St. John's, Newfoundland, to Victoria, British Columbia, along the shortest practical route.

I do not believe there were many people then who felt we were guilty of overoptimism. After all, Canadian history contains many illustrations of our ability to bridge our great spaces in the interests of transportation and communication.

It is interesting in fact to look back to the nineteenth century when Canadians were engaged in spanning Canada by rail. That was a lamplit horse-and-buggy era, and there were far less conveniences and construction tools to work with than we have today. Yet it took just eight years to link Quebec to the Atlantic seaboard by rail after the route was finally selected and managers were appointed in 1868, and it took just 11 years to push the C.P.R. through to the Pacific despite

acrimonious disputes, scandal, lethargic progress for a time, absence of human settlement and tremendous obstacles in the land itself.

The bill now before the house would extend the term for building the trans-Canada highway from seven years to 11 years, which is the same time it took nineteenth century Canada to build the C.P.R. The future of the west and of Canada itself was at stake in those days. There has apparently not been anything like the same sense of urgency to goad this new highway building project, but there thas been for some years a sense of national awareness that a country of this size and importance should have a coast-to-coast highway; that our people should be able, in this automotive era, to drive in comfort from Newfoundland to British Columbia on Canadian soil.

This feeling had actually provoked a number of attempts to build such a road before 1949, the last being in 1930 when the federal government undertook to pay part of the cost to help cope with unemployment. I find upon review that from 1931 to 1941 about $45 million was paid to the provinces for road-building projects, which helped to eliminate the unemployment prevailing during that period. This 1930 effort did assist in the construction of additional highway mileage but it fell far short of the objective and the concept of a coast-to-coast highway remained a hope for the future.

It remained for the second world war and the buoyant post-war period to give new emphasis to the need for a trans-Canada highway. When Newfoundland entered confederation in 1949, there was a new concept of enabling vehicle traffic to flow with comparative ease—not from Nova Scotia but from St. John's, Newfoundland, to Victoria, British Columbia. Newfoundland needed a paved trans-island highway of its own and its need fitted into this broader picture that Canada has been contemplating.

I may say here that in building roads there is a matter of jurisdiction which the federal government and all the provincial governments have always had clearly in mind. In this, as in all matters, the federal government has no wish to invade the jurisdiction of the other levels of government. Roads are normally considered to be the direct concern of the provincial governments. It seemed clear, however, that most provinces were anxious for federal financial participation but it has never been responsibly suggested that the provinces should surrender their initiative or their position under the constitution with respect to roads.

If the project were to go forward there seemed to be a need for co-ordination which appeared to be a valid role for the federal government. Moreover the road would have a national character. It would help to weld the country more closely together and it would also, we felt, contribute to national growth and development just as the railways did in the nineteenth century and as other major transportation projects in various fields have done since.

Having regard to these factors and to what we considered to be the wishes of the public, the federal government in 1948 invited all ten provincial governments to participate in discussions to determine how to give Canada one long main street as quickly as possible.

Committees were set up to recommend standards, routes, completion dates and so forth. Neither the federal government nor the provinces laid down any one-way rules or standards. It was a matter of amicable discussions and mutual understandings. It was agreed that the portion of the highway across each province would be built by the provincial government concerned, that it would remain the property of the provincial government and be maintained by it with no disturbance whatever to its own sovereign jurisdiction and that the road when completed would conform to the standards mutually decided upon.

We agreed in 1949 that if parliament approved, the federal government would make contributions to a provincial government of 50 per cent of the construction costs of the highway over a seven-year period. Moreover the federal government undertook to contribute up to one-half of the cost of a highway constructed prior to the date of the act and which could qualify for inclusion in the trans-Canada highway.

That was the formula which we brought before parliament in 1949 in the form of a bill which was enacted more than six years ago as the Trans-Canada Highway Act. It provided, amongst other things, for an amount of $150 million for the federal share of half the anticipated over-all cost of construction. Under the authority of the act federal-provincial agreements were prepared which provided for federal financial contributions, terms and conditions for inviting tenders, methods of determining the cost of new and prior construction, routes, standards and inspection. Within six months, eight of the provincial governments had signed agreements to build their portion of the highway by December 9, 1956. By May, 1952, nine of the ten provinces had become signatories.

Exclusive of the province of Quebec, the length of the trans-Canada highway is 4,497 miles in the provinces and 83 miles in the national parks, a total of 4,580 miles in all.

Of this distance approximately 2,850 miles are now paved although the equivalent of only 1,600 miles, or 35 per cent, has been constructed to trans-Canada standards. Thus there remain approximately 1,545 miles of unpaved highway and there still are physical gaps totalling about 185 miles where there is no highway of any kind.

Broken down by provinces, the length of the highway together with the distances now paved, the equivalent mileages that have been constructed to trans-Canada highway standards, together with the distances for which there is no highway of any kind, are tabulated as follows, and with the permission of the house I should like to place this table on *Hansard*.

Mr. Speaker: Has the minister permission to place this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Winters: The table is as follows:

—	Length of highway	Distances now paved	Equivalent mileages built to trans-Canada highway standards		Distances with no road of any kind
			Grading	Paving	
	miles	miles	miles	miles	miles
Newfoundland	610	70	216	—	50
Prince Edward Island	74	55	55	52	—
Nova Scotia	310	268	33	19	—
New Brunswick	388	370	67	60	—
Ontario	1,412	781	417	351	135
Manitoba	305	231	152	154	—
Saskatchewan	414	330	367	305	—
Alberta	292	242	214	196	—
British Columbia	692	497	204	177	—
Totals	4,497	2,844	1,725*	1,314*	185

* Note.—The equivalent of approximately 1,600 miles constructed.

As to the 83 miles in the national parks, while this is not included in the terms of the agreement, the federal government has been making progress toward completing this mileage under some of the most difficult conditions of construction encountered anywhere in Canada. Hon. members are aware, I am sure, that to date the trans-Canada highway in the national parks is in Banff and Yoho where the mountainous conditions make road building very difficult. We aim, however, to have the work completed within the time specified in the bill now before you.

On the basis of progress to date it seems clear that in no province will the trans-Canada highway be completed by December 9, 1956, the expiration date of the present federal-provincial agreement. There are various reasons advanced by the provincial governments—many of them valid and justifiable—for the construction lag, such as a shortage of engineers, weather, the Korean war, great physical obstacles imposed by all sorts of topographical handicaps, the urgent demands for highways in areas not covered by the national route, and others. But in the main progress has been disappointingly slow despite periodic conferences and efforts to accelerate the work. Consequently it has been necessary once again to review the whole operation and to recommend to parliament additional steps calculated to hasten the realization of this long-awaited project.

Now, if the federal government is to provide a further incentive to the provincial governments, it would seem evident that priority should be given to highway construction in those areas where no highway exists at the present time. The first objective then, I feel, should be the elimination of these gaps and the linking of the various completed sections to form a continuous route. A study of the road has revealed that in no province do the gaps exceed 10 per cent of the total mileage of the route within that province's boundaries. In fact, most provinces now have a continuous road although many sections may not conform to

trans-Canada highway standards. The main incentive therefore in the bill now before hon. members is to close the existing gaps.

Now as to road already paved, I feel it would be unrealistic for a province to tear up a reasonably good existing paved highway merely for the purpose of rebuilding it to trans-Canada highway standards. There is no suggestion here that we should depart from the agreed standards when new construction or reconstruction is involved. High standard highways for modern vehicle traffic are a necessary and sound investment. I believe, therefore, that the aim should be to construct as much mileage to the agreed standards as is within the capacity of each provincial government. However, there is no good reason why an adequately paved road, even if slightly below trans-Canada highway standards, should not be used until its normal life has been exhausted unless, of course, traffic requirements demand a higher standard of highway now.

It has been suggested that federal contributions should be increased above the present level of 50 per cent. In fairness to those provinces which have made the greatest progress, any general or over-all increase beyond 50 per cent would have to be retroactive to the dates upon which the federal-provincial agreements were signed. Retroactive legislation of this nature gives rise to many problems and moreover I have serious doubts as to whether this approach would achieve the desired end. Further, no advantage would be gained if the federal government increased its contributions only to have the provincial governments reduce expenditures on the highway by a similar amount. What is required is an increased effort on the part of all concerned.

To discuss ways and means to accelerate the pace of work on the trans-Canada highway, we invited all provincial ministers concerned to attend, with their officials, a conference in Ottawa last November. This conference was again characterized by a harmonious and constructive approach to the problem and a mutual desire to complete the project. At that time I outlined some of the suggestions the federal government was prepared to incorporate into legislation to be placed before parliament if the participating provinces so wished. While some of the provincial ministers expressed the hope that we might have gone further, I believe they all felt that the approach we suggested was reasonable and that it would go a long way towards achieving a completed highway.

Following the conference, the officials of the trans-Canada highway division of the Department of Public Works visited and discussed with officials of the participating provinces matters of detail and various engineering approaches. As a result of the conference and these subsequent discussions, we were able to draft the bill which is now before you and, moreover, we have prepared draft agreements which are now in the hands of the various provincial highway ministers for their consideration, so that no time will be lost in starting work under this new formula if and when the legislation is approved by parliament.

With the foregoing considerations in mind, I wish to turn to the four proposed amendments to the act contained in this bill. Since it seems certain that additional time will be required for the completion of the highway, one amendment contemplates the extension of the construction period to December 31, 1960. This will permit four additional construction seasons over and above those now authorized by the act, or five full construction seasons from this date. A further five months will be provided to wind up the accounting. The termination date for all federal contributions, therefore, would be set at May 31, 1961.

I might say here that the termination date for construction, December 31, 1960, was a matter of virtually mutual agreement. For the benefit of those hon. members who have said that the provinces simply cannot complete the highway by that date, I would say that the provinces themselves say they can. At the conference I suggested a termination date of December 31, 1959. Some but not all of the provinces thought that was a bit tight. I thereupon asked their wishes individually and it was they who said they thought they could complete the job if they were given one year longer, and they recommended a target date of December 31, 1960. We met the wishes of the provincial governments in this respect.

I have mentioned that in no province is there more than 10 per cent of the total mileage where no highway exists at the present time. On the other hand, there is one province that has little more than 10 per cent of its total mileage left to complete and some others are pretty well advanced. As an incentive to closing these remaining gaps, the bill contains an amendment which would authorize the Minister of Finance (Mr. Harris) to increase the scale of contributions to a province for highway construction on the route, with the higher payments limited to 10 per cent of the provincial mileage.

The proposed formula will provide for the payment of 90 per cent of the construction costs of one-tenth of the total mileage in each province and 50 per cent of the other nine-tenths whereas at present the act limits the federal government to 50 per cent of the cost of construction of all the mileage along the

route. Based on the present route, the supplementary formula would permit the federal government to pay 90 per cent of the construction costs on approximately 449 miles of highway. The approximate mileages by provinces to which the gap closing formula would apply are as follows:

Newfoundland	61 miles
Prince Edward Island	7 miles
Nova Scotia	31 miles
New Brunswick	39 miles
Ontario	141 miles
Manitoba	31 miles
Saskatchewan	41 miles
Alberta	29 miles
British Columbia	69 miles

In the case of British Columbia the mileage is for the Big Bend route. If another route is selected this figure will, of course, change accordingly. The conditions upon which the supplementary formula is applicable are:

1. The location of the section, or sections, of road upon which the 90 per cent-10 per cent formula is to apply must be approved by the federal government and each section, to qualify, must have a minimum continuous length of five miles. This latter limitation is to encourage the construction of road mileage and not just bits and pieces here and there. In every province there are continuous lengths of five miles or more where this gap-closing formula can be used to good advantage.

2. The provincial government concerned would be responsible for construction, as it is on other portions of the highway.

3. The supplementary formula would remain in effect from the date when the new agreements are signed to the end of the construction period, December 31, 1960.

The application of the supplementary formula in a province would be contingent upon provincial agreement:

(a) That the provincial section of the route would be completed by December 31, 1960. As I have indicated, trans-Canada highway standards need not apply rigidly where a good paved highway is already in existence.

(b) That during the period from the date of signing of the agreement to December 31, 1960, the province would maintain average annual outlays on the trans-Canada highway, exclusive of the 10 per cent provincial share under the supplementary formula, at least equal to the average provincial outlay for the two years 1954 and 1955. In other words, what we are now looking for is an extra effort.

For other portions of the highway the basis of sharing costs will remain as at present, which is that the federal government will contribute 50 per cent of the costs of new and prior construction. Under the act the provision for prior construction remains in force for a seven year period expiring December 9, 1956. This prior construction period dates from April 1, 1928, and in practice severe problems have been encountered in establishing a realistic basis for evaluating construction carried out over such a long period prior to the passing of the act. These difficulties have been disproportionate to the amount of funds involved and in most cases the determination of value has been at best a fair estimate. This whole matter has been discussed with the provincial governments, and having regard to the circumstances I have mentioned and the fact that the prior construction clause would in any event elapse on the expiry date of the present act, it is not intended to continue this provision beyond the agreed date of December 9, 1956. An amendment is included accordingly.

I might mention here that during the November conference the question of the federal government's policy of contributions to the construction of cloverleafs and similar type intersections was discussed at some length. Canada has been sharing the construction costs incurred within 50 feet on each side of the centre line of the trans-Canada highway. That is the 100 foot right of way contemplated by the agreement. As a result of discussions at the conference, a thorough review of this question was made and we have now agreed to broaden federal participation. In addition to contributions with respect to construction costs along the trans-Canada highway, including a grade separation structure, the federal government will participate in costs incurred on ramps or connecting legs within the limits of the intersection. The principle is that facilities such as these ramps or connections should be of equal value to each intersecting highway. The cost of providing them will be apportioned between the two roads and will have regard to the proportion of the total cost that is borne by the provincial government. There is a wide variety of designs of grade separations and each new one will be considered separately to see how the revised basis of sharing costs will apply.

The original estimate of the cost of completing the trans-Canada highway was $300 million and the act authorized the expenditure of $150 million as the federal government's share. As of April 14, 1956, the nine participating provinces had awarded contracts totalling $227,231,474.85 for construction work on the highway. Of this amount the federal government's share is $113,615,737.43. The federal government has paid claims in

the total of $78,934,163.95 to that date of April 14, broken down as follows:

Province	Total commitment	Claims paid
Newfoundland	$19,797,411.05	$ 7,343,009.96
Prince Edward Island	5,126,620.24	1,625,910.87
Nova Scotia	4,780,615.00	309,903.60
New Brunswick	9,533,934.14	3,577,757.77
Ontario	76,146,801.70	22,785,104.94
Manitoba	18,466,371.91	6,820,576.17
Saskatchewan	21,336,039.85	9,008,746.43
Alberta	25,307,306.93	10,029,209.42
British Columbia	46,736,374.03	17,433,944.79

Federal government funds committed on approved highway projects have approximated $20 million a year. That is on the trans-Canada highway. The 90 per cent formula applying to 10 per cent of the highway mileage will increase the federal commitments by $10 million to $15 million per year for the next five years. Construction costs have also increased during the past six years. These two factors have necessitated a revision in estimates and it is now anticipated that the federal government's share of the costs of construction will amount to $250 million. Accordingly, the bill seeks authorization of an increase in the total federal government expenditure from $150 million to $250 million.

In summary, the bill to amend the Trans-Canada Highway Act proposes these four major amendments:

(1) The extension of the highway construction period to December 31, 1960, with federal contributions terminating May 31, 1961.

(2) An increase in the federal government's contribution to include 90 per cent of the construction costs on one-tenth of the total mileage in each province, such contributions to apply only to work done after this agreement is signed pursuant to the bill now before us.

(3) The termination of federal contributions for prior highway construction, as of the previously agreed date of December 9, 1956. There is no change there as far as the present statute is concerned.

(4) An increase from $150 million to $250 million in the amount which the federal government may contribute towards the costs of highway construction.

I believe that the proposed amendments to the act will have the effect of accelerating the rate of construction and I sincerely hope that by the end of 1960 our goal of a trans-Canada highway will be realized.

Mr. Green: May I ask the minister whether it will be possible for him to table that draft agreement between the dominion and the provinces?

Mr. Winters: Mr. Speaker, the agreement is in the hands of the provincial governments at the present time. With nearly all if not all of them we have had an exchange of correspondence about various points that are still under discussion. The agreement is not finalized. I should be glad to table the draft agreement in the form in which it exists at the present time if hon. members will understand clearly that it has not been finalized and that it is subject to change.

Mr. Green: I think it would be helpful if the minister would table it.

Mr. Winters: With that understanding, Mr. Speaker, I will do that.

Mr. George H. Hees (Broadview): Mr. Speaker, the minister started off by dealing with two important projects. The first was the building of our first transcontinental railway system and the second was the building of our first transcontinental highway system. Our first transcontinental railway system, namely the Canadian Pacific Railway, was built under the Conservative government of that day, and the project was carried out swiftly, smoothly and efficiently.

Mr. Marler: You are going a long way.

Mr. Hees: With regard to the second project, the building of our first trans-Canada highway, which has been carried out under the Liberal government of today, the situation is just the reverse. It is a sad story of delay, miscalculation, mismanagement and lack of leadership by the present government. To prove that statement I have here the record of performance which was given to me less than three hours ago by the chief highway engineer of his department. Of a total of 4,600 miles which will comprise the highway, as of today only 1,319 miles are completed. That means that after five years of unprecedented boom, we find that less than one-third of this highway project has been completed. The reasons why the provincial governments have not been able to get ahead with more of this project are simply financial.

Mr. Winters: Did Ontario tell you that?

Mr. Hees: The provincial governments have serious drains upon their finances for building highways, in the form of requirements to build highways to serve the people within their borders. Those are their prime responsibilities in highway building. For whatever portion of the trans-Canada highway which is built within their boundaries, they must divert funds from provincial highway projects, and quite naturally these provincial highway projects receive the higher priority.

Let us for a moment take a look at the government's performance in the building of

highways which are their sole concern. I refer, of course, to the portion of the highway built within our national parks. Those highways are 100 per cent the concern of the federal government. The federal government has no other highway-building responsibilities.

Mr. Winters: That statement, of course, is not correct.

Mr. Hees: Then I should be glad if the minister would correct me. What other highway commitments have the federal government?

Mr. Winters: They have certain responsibilities in the Northwest Territories, the Yukon, and in connection with the Alaska highway. My hon. friend chooses to forget about them.

Mr. Hees: I should be glad to hear the minister tell us just how much mileage the federal government plans to build in those territories this year. I should be glad to have him give us an example of what those commitments are for this year, and to show us the size of those commitments. Compared with the provincial responsibilities in connection with building highways, they are minuscule, and the minister knows it.

In our national parks there are 83 miles of trans-Canada highway which are the sole responsibility of the federal government. As this program began more than five years ago, and as the federal government has been continuously haranguing and criticizing the provincial governments for not getting ahead fast enough with their sections of the road, you would expect to find that after, say, two years of this program this 83 miles of federal highway in our national parks would have been completed —or after, at the very most, three years. But what do we find? On examination today do we find that 75 miles have been built, 83 miles have been built, or any other number of miles have been built? The answer is that not one single mile of federal highway in those national parks has been completed, and that is by the word of its own federal highways engineers.

That is nothing less than a disgraceful performance. It is a shocking example to set to the provinces, which are being called down almost daily by this federal government for not getting ahead faster with their sections of the highway. We find that, while they on the average have built one-third of the highway, this federal government, with practically no other road-building responsibilities, has completed not one single mile of the 83 miles that are its sole responsibility within the national parks.

How in the world does this federal government expect to persuade 10 provinces, which have tremendous road-building requirements within their own borders, to get ahead with this project if it sets a disgraceful example like this? The answer, of course, is that it cannot. It has made itself a laughing-stock. Many of the provincial highway ministers ask, "For heaven's sake, how can we be expected to go ahead with it when the federal government puts up a show of this kind? The answer, is, of course, that they cannot. This is the kind of leadership the federal government is giving in this project, and that is why I say the trans-Canada highway project is nothing less than a sorry story of delay, miscalculation, mismanagement and lack of leadership on the part of the federal government.

Is it the government's present attitude that it wishes to get this highway completed? I do not think for a moment it is, for this reason. It will still leave large gaps to be completed which, judging by the rate of progress over the past five years, it will take several years to complete. Nobody knows when this highway will be completed. So, particularly because of this very sorry showing in giving no leadership in the past five years in the building of this road, because for a number of reasons this road is the government's responsibility, it must take the financial responsibility immediately of seeing that this road is completed.

For reasons of defence, it can be readily agreed—

Mr. Speaker: I am sorry to interrupt the hon. member, but I have in my hand at the moment pages 2954 and 2955 of *Hansard* of this session, on which is recorded the speech the hon. member made on the resolution in committee of the whole. I have been following him very carefully. Except for the excursion he took in the national parks, he is repeating with very slight modifications exactly the speech that he made on the resolution in committee of the whole. He is now dealing with the question of the responsibility of the government in highway construction on grounds of defence. I shall point out to him that, if he could avoid these repetitious arguments, I think it would be better. See *Hansard,* volume II, page 1782, March 10, 1939, and pages 4055, 4056, May 15, 1939. Also see *Hansard* of February 28, 1956, page 1620 and *Hansard* of February 28, 1956, page 1627.

Mr. Green: Mr. Speaker, I rise on a point of order. I hope that Your Honour is not planning to make a ruling along the lines of

Your Honour's recent remarks. When a resolution is under debate in committee, a member taking part in that debate naturally raises the various points with which he is concerned. Surely to goodness there is not going to be a ruling now in this house that, because a member has done that at the resolution stage, he cannot get up on second reading and amplify his remarks.

I am really somewhat astounded that Your Honour would make this suggestion to the hon. member for Broadview, who is opening the debate for the official opposition on the second reading of the bill. As we all know, this is the main stage of any debate. I suggest that it is absolutely beyond comprehension that a member should be told that he cannot deal with this bill in the debate on second reading as he wishes, as long as he is confining his remarks to the subject under discussion. The hon. member for Broadview has not strayed one inch from the bill during this debate. I hope Your Honour will not attempt to make any ruling along the line you have indicated your thoughts are running at the moment.

Mr. Speaker: I am sorry to have aroused the indignation of the hon. member for Vancouver-Quadra. I certainly never wanted to do that, but I would just leave that to him. It is true that, let us say, the main stage of a debate on legislation is on second reading, when we decide the principle. But it is also true that the various stages of a bill constitute one debate. If a member chooses to make a statement at the resolution stage, and if he wants to make the same statement on the second reading of the bill—

Mr. Green: He is entitled to do so.

Mr. Speaker: I would say he should not have done it at the resolution stage. He cannot do it twice. I was not here, and I do not know whether the hon. member was here, but I would just point this out to him. Here are the particular paragraphs we heard from the hon. member for Broadview. I quote his words at pages 2954 and 2955 of *Hansard* for Monday last:

> Today, more than five years after the trans-Canada highway program was started, we find that out of a total of 4,600 miles, which will comprise the highway, as of March 1 only 1,315 miles—

Today he has corrected that to 1,319 miles.

> —have been paved and 1,748 miles graded. Each of the provinces participating in the program is lagging behind by about the same proportion.
>
> Why should it be that during five years of unprecedented boom we find that less than one-third of this highway has been completed? It is simply that the provinces, which have great demands upon them to build roads to serve the people within their own boundaries, do not have funds available to meet their 50 per cent share of the cost. The more they spend upon the trans-Canada highway, the less they have to spend on roads which are their primary concern, and quite naturally they have decided to spend the greater proportion of their highway funds upon roads which are their primary concern.
>
> The present proposal of the government to pay 90 per cent of the cost of not more than 10 per cent of the highway in any province will not get this highway built, for the reason that in each province there is today more than two-thirds of the highway yet to be completed. When this program which the government is proposing is completed, there will still be large gaps which at today's rate of construction will require many years of work before the highway is completed.
>
> I think that we in this parliament, particularly the government, must face up to the hard, cold fact that if this highway is to be built within the foreseeable future, the federal government must assume the financial responsibility for its construction and stop playing around with makeshift methods of trying to get it built.
>
> On grounds of defence alone—

It was at this point that I intervened. I say again that, except for the excursion into national parks, what he has said today is substantially what he said at the resolution stage on April 16, 1956. We have a standing order to the effect that repetition should be avoided, and I do not suppose that any hon. member would seriously expect me to disregard such a flagrant violation of the rule against repetition.

Mr. Green: If Your Honour would take the trouble to read the remarks made at the committee stage by the parliamentary assistant to the minister in introducing the resolution you would find that the minister himself today has covered practically the same ground.

Mr. Winters: I must rise on a point of order.

Mr. Speaker: Perhaps the minister would allow the hon. member for Vancouver-Quadra to finish.

Mr. Winters: Perhaps I should rise on a question of privilege?

Mr. Speaker: I do not think there is one at the moment.

Mr. Green: I was saying that Your Honour could make the same ruling with regard to the minister's remarks today because after all the parliamentary assistant was speaking for the minister. This very same thing happens on practically every occasion when there is a debate in this house; that is, when there is a debate on the resolution stage and then a debate on second reading.

Mr. Speaker: May I interrupt?

Mr. Green: I submit it is unfair for Your Honour to get up in the middle of a speech by the hon. member for Broadview when he is leading off for the opposition and criticize him because he is repeating some of the

arguments he made at the resolution stage. The circumstances at the resolution stage are entirely different. We do not have the full information. We have not the actual bill, and of necessity there must be a great deal of repetition in the second debate. I submit there is no rule of this house which would support the stand that Your Honour is taking this afternoon, namely that the hon. member for Broadview is wrong in making his arguments as he has been doing.

Mr. Winters: Mr. Speaker, may I now cite my point of order? I think I have several which I could cite, but the one which I wish to cite at the moment is that there were two different members from this side who spoke. One was my parliamentary assistant and the second was I. It was not I who made the two speeches to which my hon. friend alluded.

My second point is this. My parliamentary assistant very carefully addressed his remarks at the resolution stage to those aspects that were covered by the resolution stage, namely the financial aspects of the bill. The resolution requires that they be stated in seeking permission to introduce a measure. I think the remarks of the hon. members of the opposition at the resolution stage went far afield, and I said so. I do not think there should be duplicate debates on one measure, at the resolution stage and at the second reading stage. I said then I thought it would be more appropriate if we waited until the bill was introduced and discussed the broader aspects of this measure when the second reading was before the house, and I am still very strongly of that opinion, and I base my point of order accordingly.

Mr. Green: As the party carrying the main responsibility of the opposition in this house we cannot agree for a minute that there should not be a full debate at the resolution stage and also at second reading. Your Honour will remember that it is only a very few years ago when there was a full debate on the resolution stage with the Speaker in the chair. Then, that was followed by a debate in committee, and then of course there was a debate on second reading. To suggest now that one cannot repeat anything in the debate on second reading that has been said in committee is, I submit, taking away a right which belongs to hon. members, and there is no ground for having that right whittled down.

Mr. Speaker: I submit that perhaps too much time has been spent in regard to this matter. I was merely asking the hon. member to try to avoid repeating the same arguments between now and the end of his speech. I must immediately disagree, much to my regret, with the theory of the hon. member for Vancouver-Quadra with respect to repetition. What we had before on the motion for the Speaker to leave the chair was a debate regarding the resolution.

Mr. Knowles: No; we had the previous debate on this matter in committee, Mr. Speaker.

Mr. Speaker: Well, there was a debate on the motion for the Speaker to leave the chair on a money resolution at one time. The hon. member for Vancouver-Quadra referred to that. That is prior to a few years ago. We had that a few years ago, but prior to that there was none, and the situation was brought back to where it should be. There was a debate then on the motion for the Speaker to leave the chair. Then later, when we went into committee, speeches would be made again and, on second reading, speeches would be made again. But it is true that when the resolution stage comes up the main features of the bill are not known; the bill is not printed; it is not distributed. It is printed only after first reading.

The purpose of the committee stage is to inquire into the general outline of the proposal. The minister is not even allowed to divulge the details of the bill, and hon. members usually content themselves with putting questions. See Beauchesne's third edition, citation 439.

Mr. Green: They do not have to.

Mr. Speaker: They do not have to; but this is perhaps why hon. members should reflect upon the meaning of their own rules. All our rules are made to the effect that there should not be any duplication of debate nor any repetition inside the same debate. That is why we cannot make the same motion twice in the house. That is why, once a matter has been disposed of, we cannot come back to it in the same session. This is the spirit of all our rules, both in the United Kingdom and here. According to theory, if an hon. member has chosen to make a speech at the resolution stage which he meant to make on second reading of the bill, and he repeats the speech on second reading, which is almost so much word for word that it strikes anyone who has listened to it or read it that he made it in committee of the whole, what do we do with this standing order which gives the Speaker the authority to call someone to order because of repetition? I refer to standing order 34 (2). Of course, it has not been used very often, but it has been used. The hon. member for Broadview perhaps has been much too often, I am sorry to say, the victim of my interventions with respect to this rule. See *Hansard* of February 28, 1956, page 1620.

I was not going to make any more of it. I had hoped that repetition could be avoided if at all possible.

Mr. Green: Surely Your Honour does not contend that if an hon. member makes an argument at the resolution stage, then he cannot make the same argument again on second reading of the bill?

Mr. Speaker: The various stages of a bill constitute one single debate. This is a money bill introduced with preliminaries, namely, a resolution. If an hon. member chooses to throw all his arguments in debate at the resolution stage he runs the risk, if he repeats the same argument word for word, of being warned not to continue along that line when it comes to the second reading stage. It is one debate throughout from the resolution stage, second reading, consideration of the bill in committee of the whole and third reading.

I have here the words of the speech of the hon. member at the resolution stage, and I was just following them. I notice that except for a variation of expression, or an additional incidental sentence here and there, he was following the same pattern of the speech that he made at the resolution stage. As I see it, we are now up to the sixth paragraph: On grounds of defence. I want to be fair in this. I want to put the case to the hon. member for Vancouver-Quadra and to any hon. member who has at heart, as all hon. members have, the respect that we must give to our own rules, your own rules, not mine.

Now, suppose the hon. member goes on and it so happens that at the end of his speech, which appears on page 2954 of *Hansard*—the speech which he made at the committee stage runs from page 2954 to page 2958—if it appears that he gives us exactly the same speech on second reading that he gave at the resolution stage and he is to be allowed to do so we might as well amend rule 34 (2) and eliminate the word "repetition" from it.

Mr. Hees: Mr. Speaker, in the first place, if you had not called me to order I would have been through in about 30 seconds. Secondly, I claim I have not been making the same argument this afternoon.

Mr. Winters: The same speech.

Mr. Hees: If the minister had taken the trouble to be in the house when the discussion in committee was taking place he would know that I was not making the same speech.

Mr. Winters: I read your speech and I heard Mr. Speaker read it again today.

Mr. Speaker: We will have to leave the matter at that, and perhaps allow the hon. member to finish his speech.

[Mr. Speaker.]

Mr. Hees: Mr. Speaker, I will be very glad to point out to the minister how my speech is vastly different. This afternoon I was outlining the responsibility which provincial governments have to meet in highway construction in order to show how deplorable and inexcusable is the showing, if you can even call it that,—perhaps I should say the lack of showing—the federal government has made in building, or rather in not building the 83 miles in the national parks, which are its complete responsibility. This afternoon I showed that the provincial governments have tremendous calls upon their limited funds to build roads within their own boundaries to serve their own people.

Mr. Reinke: Mr. Speaker, may I ask the hon. member a question?

Mr. Hees: Surely.

Mr. Reinke: The hon. member made the assertion when he began his speech that the provinces were in a very bad financial state. Is the hon. member aware that when the report was made by Mr. Porter as reported in the *Globe and Mail* of March 2 the provincial treasury reported a transfer of $28 million to the highway reserve fund and that last year the province of Ontario paved only 28 miles of the trans-Canada highway?

Mr. Hees: Mr. Speaker, the province of Ontario very fortunately is under a Conservative government and so can discharge responsibilities of that kind. I am talking on behalf of those provinces which are less fortunate from a financial point of view than is the province of Ontario. Many of the provinces have a great deal of difficulty in raising resources because this government has not allowed them tax sources from which to raise the required revenue and they have a great deal of difficulty. I am speaking for those governments and I am not doing what this government does, which is to forget about the governments which have not the financial resources, and carry on as though they had such resources.

I am speaking for those provinces which are less fortunate from a financial point of view and if the hon. member has studied Canadian history past or present he knows which provinces those are.

I was pointing out to the minister that this performance, or this lack of performance, as I choose to call it, by the federal government, is completely inexcusable because it has practically no other road building responsibility and it has infinitely larger funds with which to build these roads than have the provinces. The provinces have great responsibilities to meet in order to serve the people within their

own borders. They have many, many highways that have nothing to do with the trans-Canada highway, and these are their prime concern. The federal government, with a mere 83 miles to build in the national parks, and with only a few other paltry highway building commitments in various parts of the country which do not amount to very much, has been unable to meet the responsibility of building 83 miles of road. It has no other road building responsibilities of any consequence. The provinces have been averaging one-third of their completed construction, but this government has not completed a single mile. That is nothing more or less than a disgraceful performance, and that is what I was pointing out to the minister this afternoon. That is why I went over again what I had already said about the provincial picture, and I do not believe I repeated the same speech I made before.

I hope that having said this three or four times this afternoon I have finally been able to drive it into the heads of the members of this government that their past performance is deplorable and I hope this will perhaps make some little contribution toward urging them to make a better performance in the future.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the minister in his remarks today said that he hoped this bill would have the effect of accelerating construction of the trans-Canada highway. If it will do that even to any extent he knows, of course, that the house will vote for the bill. I am sure he is also aware of the fact that we on this side of the house, and we over here, believe we reflect the thinking of the Canadian people in this regard, are not at all satisfied with the rate at which the trans-Canada highway is being completed.

The minister drew upon a bit of nineteenth century history this afternoon, pointing out that it took 11 years to build the Canadian Pacific Railway. He seems to think that it will be a feather in the cap of this government if the trans-Canada highway can be built in the same length of time, in a period of 11 years. Surely, Mr. Speaker, there are a great many differences between the building of the Canadian Pacific Railway in the latter part of the nineteenth century and the building of the trans-Canada highway in the second half of the twentieth century.

Mr. Winters: I quite agree. I think the hon. member misunderstood my intention there.

Mr. Green: That is what you said.

Mr. Knowles: I would be very glad if the minister would repeat what he said, if he can avoid the rule of repetition in so doing, and make clear what he did mean. Certainly he said, as I took it from listening to him, that we should be proud or satisfied if we can build this second highway in the same length of time it took to build the Canadian Pacific Railway.

Mr. Winters: No. That is not what I meant.

Mr. Knowles: I am prepared to let the minister have a minute of my time in which to repeat what he said.

Mr. Winters: I do not wish any of your time. I think a reading of my speech—

Mr. Pearkes: Mr. Speaker, on a point of order. Is the minister closing the debate?

Mr. Knowles: No, the minister is speaking while I am still on my feet. I think the minister would have done better not to mention a comparison between the 11 years it took to build the Canadian Pacific Railway and the 11 years that he says it is now going to take to build the trans-Canada highway. After all, the Canadian Pacific Railway was built at a time when the line had to be put through many sections of the country that had not been traversed. The kind of equipment that was available for building railways or roads in that day was much less efficient than is the modern road building machinery we now possess. The railway had to be built where there were no roads before the Canadian Pacific tracks were put down. This highway is being built in many places by improving roads that are already there; at least it is being built in areas where we already have roads of some sort.

I suggest, Mr. Speaker, that by this reference to nineteenth century history the minister has simply highlighted the fact that the present project is being proceeded with at a snail's pace for the times in which we are living.

Mr. Winters: That was my intention.

Mr. Knowles: I know, of course, that when the government wants to boast of anything that has been accomplished, even if it is a 30 per cent accomplishment, it is of course because of what the federal government has done. On the other hand if there are complaints made because things have not been accomplished the federal government blames the provinces for that lack of accomplishment.

As has already been expressed by my colleagues speaking on our behalf, we contend that the main reason for the slowness with which this highway is being built is because the federal government has not yet recognized its national character and the fact that federal financial responsibility should be much greater than has been set out in the

legislation that is now on the statute books. It should be greater than that which the legislation provides as amended by the bill which is now before us.

Up to the present time the arrangement has been for the federal treasury to pay 50 per cent of the cost of constructing the highway without any participation by the federal government in the maintenance of the highway after it is built. This interesting formula that we now have, whereby the federal government will contribute 90 per cent of the cost of 10 per cent of the highway, seems to add up, if my arithmetic is correct, to what amounts to 54 per cent of the total cost of the highway in the provinces. I arrive at that figure by taking 50 per cent of 90 per cent, which amounts to 45 per cent, and then I take 90 per cent of 10 per cent of the highway, which is 9 per cent, and by adding 45 per cent and 9 per cent one gets a total of 54 per cent. That is still a long way short of the figure of 75 per cent which is what we feel the federal government should be doing by way of participation in the cost of a national project such as the trans-Canada highway.

Frankly we feel that the fact that the government has fallen down on the financial aspect of this matter is the main reason that in the twentieth century it is taking just as long to build the trans-Canada highway as it took in the nineteenth century to build the Canadian Pacific railway.

We feel that there is still a tremendous lack of vision on the part of the federal government as to the possibility of uniting this country more closely, as to the possibility of development both in economic terms and in terms of tourist traffic, and also in getting our people to move about and know better all parts of Canada. We feel that with respect to all this the government has not yet caught the vision which is shared by a great many people in this country. We still call upon the government to catch that vision and to translate it into a greater federal financial participation in the trans-Canada highway.

It seems to me that another indication of the lack of vision on the part of the federal government is the fact that there is a cut-off date in the present legislation, and that a cut-off date will still be in the act as amended even though it is advanced to December 31, 1960, with one more year to clean up the accounts. That is the attitude which the federal government takes towards the trans-Canada highway, toward a national highway program. It has not really got into this program with both feet, it has got into it temporarily and it envisions the day when this act will be spent and the federal government will have no more responsibility. When this point was raised the other day the parliamentary assistant to the Minister of Public Works accepted that implication by saying that once this project is completed, the highway in the various provinces will be the property of the provinces; in other words, the federal government responsibility would be finished. I say that is the mark of the attitude of the government toward this whole program and it is certainly one of a lack of vision.

The provinces have to concern themselves, not only with finding their percentage of the cost of building the highway; they have to concern themselves also with acquiring the necessary land and then they must think of the costs of maintenance after the highway is built, not only during the period of time when this act will be in effect but after the act has been spent and the federal government has bowed out of the picture. On top of all that, the provinces must concern themselves with their other highway programs, so that when you survey the whole picture the fact of the matter is that what the federal government is doing is really very little compared with the responsibility of the provinces and compared with the important part that a well planned national highway program could play in the development of this country.

As has been indicated in previous debates, we feel that there should be not just one trans-Canada highway but a second trans-continental road, and also highways running north and south connecting with highways that come up to the border from the United States. Indeed we feel that any government with vision regarding this matter would have a total, over-all program that would involve a formula for federal financial participation in the various road programs of the provinces of this country.

We in this House of Commons today find ourselves in the position of having to support what is offered to us because it constitutes some improvement. We cannot vote against it; we have to accept it if we want the program accelerated. This legislation does that to a certain extent and therefore we must vote for it. But we know that once this legislation has been passed the government will do nothing until some crisis develops later on or until some government with vision sits to the right of Your Honour.

A few days ago I happened to be standing in the main central hall of this building waiting for a friend. While waiting I read once again the inscription which appears on the main centre column in the lobby in the central

part of this parliament building. Although I have read it before I was struck forcibly by what it said when I read it again. It refers to the fact that on July 1, 1917, this building was dedicated in memory of those who gave their lives in the first world war. That was done, as the inscription says, on the fiftieth anniversary of confederation.

What struck me rather forcibly was that that date, which in the lives of most of us who are here seems so recent, July 1, 1917, was the date on which this country was celebrating its fiftieth anniversary. I realized as I have done before, because I have had a resolution on the order paper suggesting this, that already we are much closer to the one hundredth anniversary of the birth of this country than we are to that fiftieth anniversary. A little more than 11 years from now we shall be celebrating Canada's one hundredth birthday.

When that time comes I hope we will be celebrating it with something more than fireworks and speeches and programs over the radio and television. I hope we will have achieved some really noteworthy signs of development in this country. There are many fields in which we could really launch a gigantic program of development so that we could have a birthday which could be celebrated proudly on July 1, 1967. I suggest to the Minister of Public Works that several of these fields are in his department—I think of fields such as housing—and that the one we are dealing with today, the trans-Canada highway, offers such a field, as would a national highway program. I hope that by July 1, 1967, we will have, not just a Liberal government still trying to complete the first trans-Canada highway but a vast program of highways connecting all parts of this country, adding to the economic development of Canada and making it possible for our people to travel about with ease and comfort on good highways.

That will be accomplished only if in the years that are with us right now, not ten or twenty years from now but in the years in which we are working right now, the government catches the vision of this project and brings before parliament an adequate highway program.

Parliament can do no other than to support the bill which is before us today as it accelerates the construction of the one highway that is now under construction. But it is only a piecemeal solution. I hope the government will rethink the whole question of its financial responsibility in relation to our highway program and bring down with the least possible delay a plan that will make possible the building of a network of roads and highways in this country such as this country can support and such as the people of Canada deserve.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to say a few words on the bill on this occasion. When we were discussing the resolution the other day I made some general remarks, but there are one or two other things I should like to draw to the minister's attention. In the first place, I am quite sure that the minister would be the last person in the house to say that he was satisfied with the progress that this development has been making. Certainly after five years the progress that has been made in the development of the trans-Canada highway is a disgrace, and I think the minister agrees with that. On the other hand, Mr. Speaker, I think the minister would be in very bad taste if he were to criticize the provinces too much because, as has already been indicated this afternoon, the federal government has set an exceedingly poor example on that portion of the trans-Canada highway which they have to build.

It is true, as the minister suggested when making his remarks a while ago, that the work which the federal government has to do in the national parks is possibly a little different from some of the other construction work throughout the provinces. But do not let anybody be misled about the matter. There are sections in the national parks that can be constructed more easily than sections of the road in the prairie provinces or in the province of British Columbia.

For instance, let me give the minister one stretch by way of example, the 8 miles running from the east gate of Banff park to two miles east of the town of Banff just before you cross the river. That was one of the easiest sections in all Canada to build a road. After the bush was cleared, which was not a major problem under present day methods of removing bush, a solid gravel bed was found and there was practically no gravel to haul at all. What little gravel they did haul for the base was obtained from a mountain right at the side of the road. Yet after five years that 8 miles of road is not even completed. Indeed, not only is it not completed but they have not even got a road with a good base. The minister knows that is so because, according to the answer given the other day to a question of mine, we are spending $200 to $300 a mile for repairs.

The present asphalt-bound 9-inch gravel base is all going to pieces and it is only a short period of time since it was constructed.

The minister can say if he wishes that when the hard surface is laid it will protect the road, but it will do no such thing. In the province of Alberta we are endeavouring to leave our hard surface roads without the final top coat for two or three years in order to see if they will stand up, and wherever we find a place where the road does not stand up the material is removed all the way down and a new sub-grade is put in. We find it is cheaper to do that than it is to put on the final coat, then find that there are defects underneath and have to tear up the whole thing.

Let us not get the idea that just because the government section runs through the national parks which are part mountainous all of the road being constructed there is in mountainous terrain. It is not. I am not belittling for a minute the difficulties that one finds in the construction of highways, but after five years' work surely the government should have at least 8 miles finished. Instead the program now calls for 11 years and unless the federal government gets a real move on they will not even have it finished in that 11 year period because there is still a tremendous amount of work to do in the national parks.

While the minister was speaking I could not help but wonder if this is really a trans-Canada highway. What efforts is the minister putting forth to see that it becomes such? There is one province in the dominion that is not taking any part in the construction of the trans-Canada highway. I think that is bad from the point of view of both provincial and federal relations. I should like to see the minister do something about this matter and try to see if he cannot get the province of Quebec to co-operate a little more with the rest of Canada in the construction of the trans-Canada highway so that people will be able to travel from one coast of Canada to the other on a trans-Canada highway. They will not be able to do so unless the minister can induce the province of Quebec to assume its share in the building of the trans-Canada highway.

That brings up another point. What is the purpose of a trans-Canada highway? I noticed when the minister was speaking, and I am not disagreeing with what he said particularly, that he wanted a road so that people would be able to travel across Canada and enjoy themselves. I hope they will. That is one purpose but it is only one of the purposes. The minister wants the road to attract tourists and assist our tourist trade. It is nice to have a film in colour showing the beautiful scenery along the highway and the rapidity with which it is being constructed, if that is so.

Mr. Fulton: A slow motion picture.

Mr. Johnston (Bow River): Part of it will have to be in slow motion. That is certain. But, Mr. Speaker, in my judgment there is another purpose of a trans-Canada highway. I think the trans-Canada highway should be built not only to attract tourists and give them pleasure but for the purpose of transporting goods and passengers. I make no apology for saying that then we will have a trans-Canada highway that will provide competition for our railway system. We in western Canada have hopes that that is what the road will be used for because that will be the only form of competition for our two national railway systems.

Every time there is a boost in freight rates we in the west and the people of the maritimes as well have to bear the brunt of it. That condition should not be allowed to continue. Therefore I am going to take a few minutes to speak about the specifications of the trans-Canada highway. When I was speaking the other day about this matter the Minister of Mines and Technical Surveys (Mr. Prudham) interrupted me and said, as found at page 2951 of *Hansard* of April 16:

> The trans-Canada highway is still the best—

I replied, "No, it is not." I will agree that the specifications of the trans-Canada highway were probably the best until about a year or two ago. I think that statement is quite correct. When the trans-Canada highway specifications were first drawn up they were a good set of specifications compared with those applying to other roads then being built. This is why I particularly want to draw the attention of the house now to the fact that this highway should not be built solely to attract tourists and for the pleasure of tourists but should also be built to carry heavy freight traffic. Of course the Minister of Mines and Technical Surveys was endeavouring to imply that the trans-Canada highway specifications were far above the specifications of provincial highways in Alberta. The hon. member for Peace River (Mr. Low) has drawn my attention to the fact that the minister was referring particularly to Alberta. But we should not be concerned whether the specifications are equal to those of the provinces because the financial ability of the provinces enters into the picture. As has been pointed out this afternoon, the provinces are finding difficulty in carrying out their share of this program because of the question of finances, but the federal government has not got that reason to fall back on. We

should be giving every attention to improving the specifications, especially when it has been so clearly pointed out in all parts of this continent that present road structures are not strong enough to carry the traffic required today. I think the minister made reference to this matter when he was speaking. I could not hear him very well because there was some conversation going on around here. Hence if I am not interpreting him correctly, I am sure he will correct me. I thought he said that some mention had been made about the specifications but that this was a little bit late to do it.

Mr. Winters: No.

Mr. Johnston (Bow River): What reference did you have in that regard?

Mr. Winters: I do not think I made any reference in that context to the specifications at all. What I was talking about at that stage was the financial formula.

Mr. Johnston (Bow River): I am sorry if I was in error. I will draw this matter to the minister's attention now. I think we should re-examine those specifications so that when this road is completed it will be capable of carrying heavier traffic than just tourist traffic. I am going to say to you now, Mr. Minister, through the Chair, that the present specifications will not stand up under even moderate truck traffic.

Mr. Winters: They provide for carrying a load of 18,000 pounds per axle.

Mr. Johnston (Bow River): In the province of Alberta we found that was not sufficient, a specification providing for an 18,000 pound axle load. I am sure you will find that out. It just will not stand that traffic. When you are going to haul loads clear across this continent—and I refer to pay loads—they must be greater than 18,000 pounds per axle. I would hope that we certainly will not stick up signs along the road and say that no truck shall carry more than 18,000 pounds per axle. What I fear is that when that road is completed, if it is completed under the present specifications, before very long we shall have regulations barring trucks from taking pay loads across that highway. That is one of the things that we should guard against now. Even though about one-third of the trans-Canada highway has been built, I am saying to the minister that we should now change those specifications. The Minister of Mines and Technical Surveys (Mr. Prudham), when he interrupted me the other day, I suppose had in mind the thought that the roads in Alberta were inferior.

Mr. Low: That is what he wanted hon. members to believe.

Mr. Johnston (Bow River): That is the impression, no doubt, that he was trying to convey. In my judgment he has never been too much of a booster for his own province.

Mr. Low: That is putting it mildly.

Mr. Winters: Oh yes, he has.

Mr. Johnston (Bow River): This session is not over yet, so don't put yourself out on a limb. I would not want to be obliged to saw that limb off.

Mr. Knowles: Don't put yourself out on the highway either.

Mr. Johnston (Bow River): I want to compare some of the specifications of the trans-Canada highway with the specifications in the province of Alberta where they have found out that the present specifications as applying to the trans-Canada highway just will not bear the traffic. I want to give some of the instances where the Alberta grading specifications exceed the federal trans-Canada highway specifications.

We have highway No. 2 which runs from Airdrie to Crossfield. That is a highway with four 12-foot lanes. May I say right here that the minister will recall my saying, I am sure, when we were first talking about the trans-Canada highway. I then suggested to him that we should build a four-lane trans-Canada highway, and that if we could not see our way clear to build the four lanes at present, we should at least buy the right of way so that we could extend the road when it became necessary from two lanes to four lanes. He now tells us, I think, that the specifications call for a 100-foot right of way. Of course a 100-foot right of way will not provide for a four-lane highway with a medium in between, as there should be. In fact, a 100-foot right of way will not be sufficient to build a proper four-lane highway with proper drainage on each side, even without a midway. It seems to me that that is negligence of the highest degree when we are speaking about a national highway.

The No. 2 highway running from Airdrie to Crossfield is a highway with four 12-foot lanes, divided with a 30-foot medium and 10-foot shoulders. That far exceeds anything that the trans-Canada highway has. Then highway No. 2 from Crossfield to Bowden is one with four 12-foot lanes, with a 20-foot medium and 10-foot shoulders. Highway No. 2 running from Aldersyde to High River is one with four 12-foot lanes, undivided, with 12-foot shoulders. I would ask you, Mr. Speaker, to notice this about all these highways that I have mentioned. They are of

14-inch stabilized base course design, with a 4-inch asphaltic surface course. All shoulders are asphalt bound. Those specifications are far above the trans-Canada highway specifications. They have only a 9-inch stabilized base course with a 3-inch asphaltic surface course with two 12-foot lanes and 10-foot shoulders that are not asphalt.

Mr. Winters: They may be asphalt.

Mr. Johnston (Bow River): Yes. That provision was made in order to comply with the specifications in certain provinces. In our province those shoulders are asphalt, but in large sections of Ontario they are not. Although I stand subject to correction on this point, I do not believe there are any 10-foot shoulders on the trans-Canada highway in Ontario that are asphalt. We have a 14-inch stabilized base course against the trans-Canada highway 9-inch base course. But we are not even satisfied that that is going to stand the strain. Then on those highways that I have mentioned we have a 4-inch asphaltic surface course whereas the trans-Canada highway has a 3-inch asphaltic surface course; and that makes a tremendous difference.

We have other four-lane undivided highways, Mr. Speaker. The ones I have mentioned were divided highways. While I am speaking about these highways may I say also that I suggested to the minister when I was speaking the other day—and I am going to repeat this point because I am afraid the minister was not in the chamber just at the moment when I was speaking about it—that surely we should make all our trans-Canada highways which lead into the cities four-lane highways at least 20 miles outside these cities. Not only in the province of Alberta but in every large city across Canada it is found that wherever the trans-Canada highway or any main highway goes into the city traffic is so terrifically heavy, at least within 20 miles of the city border, that two lanes will never handle it. As one particular instance I point out the road between Calgary and Banff on holidays. The traffic is terrific there and it is a dangerous hazard that should not be permitted. That road is yet to be constructed. They are surveying that portion, about 85 miles in length. Now is the time to make it a four-lane highway. Now is the time to raise the specifications. The freight which goes between Alberta and British Columbia will be obliged to go over that section between Calgary and British Columbia because there is no other trans-Canada highway across the mountains. Those specifications will never carry the traffic.

The minister may say that as far as four lanes are concerned there is no provision in the regulations to allow of the construction of four lanes on any portion of the trans-Canada highway. In reply I would say this. We are now revising this act. Now is the time to make those conditions available to the provinces.

Let me give you the names of these other roads which are undivided: From Edmonton to Nisku; from Calgary to Airdrie; from Calgary to Aldersyde. Then we have in addition highway No. 11, the road which runs from Sylvan Lake to Condor. That has a 12-inch minimum stabilized base course, which is 3 inches more than the trans-Canada highway. Then we have highway No. 12 going from Stettler to Gadsby, highway No. 16 going from Pedley to Jasper park and highway No. 43 from Gunn to Cherhill and Whitecourt to Valleyview. It is all four-inch asphaltic surface course with twelve-inch base being used on these projects.

This is in the province of Alberta. I am sure other provinces can speak for themselves and that they have much the same story, but we are finding without any qualification that the present standards of the trans-Canada highway will never stand up to the traffic unless we are going to bar trucks from using it, and that is what I fear. Make no mistake about it. I never expected to be a prophet, but you do not have to get into the field of prophecy to foresee that, and I am looking at the Minister of Transport right now.

Mr. Marler: Don't look at me.

Mr. Johnston (Bow River): We should take precautions in this regard. I said a moment ago we in Alberta were not even satisfied with the superior qualifications of the Alberta highway, and so we are carrying on tests in that province. We have a test mile north of Calgary on highway 2. It is non-divided with four lanes, with eight-foot asphalt bound shoulders. There are two sections in this test, each one mile long. One is the concrete section, which is a six-inch stabilized base and eight-inch unreinforced concrete. I do not know of a section of road in Canada that betters that. Then the asphalt section is an 18-inch stabilized base course—that is twice the base course of the trans-Canada highway—with a four-inch asphaltic surface course, with, 10-foot gravel shoulders and asphalt bound. These roads are built right in the highway No. 2 coming down from Edmonton to Calgary so that all the traffic which goes over that main highway No. 2 has to go over these two test strips. If it is found that those two sections will bear the traffic better than the others, then of course

we shall have to begin improving the already improved roads that we have now.

Mr. Speaker, I do not want to be accused by the Chair of repetition, and I do not want my conscience to bother me after I sit down to the extent that it will say to me, "You should have said this and you did not." I want to be able to say to the minister later on, if this road does not hold up, "Well, I told you so." That will be poor consolation for either me or the minister. I am not saying this to be critical of him, because I have always found him to be a very reasonable minister, but I say to him that he should have a second look at these specifications.

An hon. Member: A second talk with the Minister of Finance.

Mr. Johnston (Bow River): Now, when this bill is being amended, is the time to do it—before we start further construction—and to see if there could not be some reasonable way in which we could improve these specifications to take care not only of the tourist traffic but of all the truck traffic that we hope and expect will be on the road when it is completed.

Mr. Daniel McIvor (Fort William): I have just a brief word to say about the leadership of the present minister. He showed today the leadership that he is capable of giving and has been giving, in the statement that he made before us today. This statement will read well. He told us early in the statement how, with his officials and the ministers of highways of the provinces, he held a conference. They came to their plan of how that highway should be built, and the provinces would do the work and the dominion government would pay 50 per cent of the cost. Is that not right?

Therefore, the leadership that the present minister had to give during those years was to see that his 50 per cent was paid. I shall ask the minister, "Is there any other type of leadership you are asked to give?" Fifty per cent of the leadership to the provinces and no more. I do not know one case where that 50 per cent of the cost was not paid, except in Fort William, and I commend him for holding back the money when some officials disgraced their provincial government. I would say that the premier of Ontario did a fine job in cleaning that up, and I pay my tribute to him.

The present leadership could not be better. Every dollar that was needed from the dominion government was paid. What more could he do? He could not interfere with the provincial government. I am not going to use the words describing the leadership of the minister; it is not necessary. But it was honest, it was fair, it was just and it was reasonable.

What has happened in the second place? The provincial ministers and their officials and the dominion government with its ministers and officials held another conference. They agreed on the present bill. What leadership has the minister to give to see that that bill is carried out? He should give the leadership that he is capable of giving and see that the money is paid and nothing else. He has no business to interfere in the construction of the highway. I will admit that sometimes I get criticized in Fort William for not trying to see that the dominion government had something to say in the building of that highway. I want to see the highway go ahead, and I want to see this bill accelerated. I do not intend to take 40 minutes, and I shall end in about half a minute. We want to see this highway built because it will show to the rest of Canada one of the beauty spots of Canada: Fort William. You will see something there. That highway into Fort William is good.

There have been those who have said that we should have a road north and south. Our provincial government—and I pay this tribute to it—has just as good a road from Fort William to Pigeon river as there is on the other side, and the tourists from the United States tell us that. We want this highway because there is so much to see in Fort William and Port Arthur—the finest scenery in Canada, bar none. Therefore, I shall close by saying to the minister, "Just carry on, do what you usually do, do not try to take the chip off the other fellow's shoulders, just wink at him and tell him to go ahead, have your say, and be a good boy."

Mr. Hayden Stanton (Leeds): Mr. Speaker, I am sure Your Honour will not chastise me for being repetitious, since this is the first time I have spoken either on this bill or at the resolution stage. It would seem to me that the federal government has been taking its responsibilities too lightly in the past to be prepared to be more active in the future in adding its contribution to a national road. At this time I should like to quote a paragraph from the "Canadian Tax Foundation":

> An interesting speculation is what the probable pattern of financing would have been had the motor vehicle been fully developed in 1867 and its financial implications for government had been foreseen. It would certainly have been a logical move in the circumstances of confederation to put highway construction under the well-financed new national government. As it is, the federal government has played a relatively minor role in financing road communications.

After five years of trying to build a transcontinental highway I believe the difficulty is this. The provincial governments are not able to finance their share of that road. I am speaking specifically now of my own province of Ontario. We have in the south an abundance of population which is calling for roads and more roads, and it is impossible for the government of Ontario, as well as the governments of other provinces, to contribute their 50 per cent of the cost of the trans-Canada highway and still build and maintain the roads which they must build and maintain in the southern part of the province. It is estimated that the cost to the province of Ontario for building provincial highways and contributing to county and township roads and urban streets during the next ten years will be $1,969,000,000.

At this time I should like to draw the minister's attention to the tremendous number of vehicular miles travelled in the province of Ontario and the increase that is expected in the next 10 years. It was estimated that 13 billion miles were travelled in the province of Ontario in the past year, and that in 1965 some 25 billion miles will be travelled by vehicles. That brings out most forcibly the contributions the different provinces must make in fulfilling their duties to their own people. We must admit, Mr. Speaker, that this transcontinental highway is not what we might call a provincial road; it is interprovincial. It is even more than that; it is international in its aspects and as such I contend, Mr. Speaker, that the federal Liberal government is not contributing its share. It is not contributing what it should to build this road speedily so that traffic can travel from east to west and from west to east.

At the present time we can visualize the tremendous number of Canadian tourists who go from east to west and from west to east over the United States highway system. The hon. member for Winnipeg North Centre has just stated that he hopes when in 1967 we celebrate the centenary of confederation we shall be able to celebrate it by the residents of Canada being in a position to travel over this trans-Canada highway from east to west and west to east and thereby gain a fuller knowledge of what Canada is. But I am afraid that if progress is not any speedier in the next five years than it has been in the past five we shall not have that privilege.

I must say that the responsibility of the provinces to their own residents is tremendous. The governments of the provinces are contributing not only 100 per cent of highway costs in their respective provinces, but they are also contributing tremendously to municipal and county roads. I will give an illustration of that. In the year 1954 the Ontario government contributed to our municipal and county roads the sum of $32,787,000. In 1955 it is estimated that they contributed $41 million. That figure will have to be increased, because the municipalities have gone practically to the limit in financing schools, roads and so forth, and the government must come to their rescue and contribute a greater proportion of the cost.

It is up to the dominion government to cease its mollycoddling way of doing things, which it has been using in the past five years. Let it contribute 75 per cent, 80 per cent or even 90 per cent to the cost of the transcontinental road. Let it get on with the work and get it done. Some hon. members from the west have recommended that we have two transcontinental highways, and some of them have suggested feeder lines going from the south to the north, and from the north to the south from this transcontinental road. I say let us forget all this for the time being. Let us set our sights on the transcontinental highway. Let the government pay an appreciable share of the cost. Let us get on with the work and get it done; let us have one highway completed as soon as we possibly can so we can travel from east to west and west to east and enjoy the scenery which is ours.

I could not help but notice the remarks of the hon. member for Bow River about the specifications for this road. I was wondering whether the road would stand up to the traffic, when we realize there are tractor trailers using our highways at the present time and carrying 30, 34 and 35 tons of freight. Now is the time to take a second look at this bill; now is the time to make this road adequate for the needs of the Canadian public, not for now but for 20 or 30 years from now.

Mr. G. E. Nixon (Algoma West): Mr. Speaker, I just want to ask the minister a couple of questions.

Mr. Winters: I cannot answer them now.

Mr. Nixon: I trust the minister will answer them at the appropriate opportunity that arises. First, is it a fact that before any route can be officially designated as part of the trans-Canada highway it must be approved by the minister at Ottawa? Second, could the minister say whether or not a request has been received from the Ontario government for approval of a most scenic and natural route known as highway 17 north of Sault Ste. Marie along the shore of lake Superior and on through the Michipicoten area as part of the trans-Canada highway? And lastly I should like to ask the minister, if such a request were made, would it receive favourable consideration?

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I have only a few brief remarks to make on this occasion. I did not take part in the debate earlier because I felt there were members present who were more familiar with this bill. But in listening to the debate so far it has seemed to me that though this bill provides for some acceleration in the construction of the trans-Canada highway, it is certainly not the answer to the kind of speeches that have been made from all sides of the house in this debate.

As I listened to the debate at the resolution stage I was perhaps unduly encouraged by the vision and spirit that was being manifested on all sides of the house, and particularly on this side of the house, as to the possibilities that lay before our nation if we had a proper network of highways. We have now come to the bill itself and we find, of course, it is a very narrow bill that deals only with the completion of the trans-Canada highway and does not take into consideration many of the objectives which have been expressed by speakers during the debate.

There is one particular part of the bill which is interesting to me because it may involve a change of policy. I do not know whether or not it does involve a change, but I should like to raise that question at this time in order that the minister may reply to it later if he so desires. I notice the bill provides that the Minister of Public Works is to be responsible for this act instead of the minister of resources and development. It so happens that in this case the minister is taking the act along with him into another department.

If that is the only object in that change, then perhaps no harm will be done. But if the change involves what it appears to involve, in that it takes away the idea of resources and development from the trans-Canada highway and makes it a straight public works proposition, then I for one would feel very disquieted because, as the hon. member for Bow River so ably stated in his address this afternoon, there are two particular objectives that can be served by a trans-Canada system.

I have used the word system rather than the words "trans-Canada highway", because it is my considered opinion that it will not be long before we shall feel the need of a trans-Canada highway system rather than just one road. I am very doubtful whether one trans-Canada highway from coast to coast will serve the needs of an expanding nation such as ours with its buoyant economy. The hon. member for Bow River mentioned the fact that there are two aspects of service in such a highway system; that is, the commercial and the recreational aspect. My contention is that both are equally important. It is also my contention that no single route can hope to serve both these objectives.

I realize that the provincial governments perhaps had more to do with the choosing of the route of the highway than had the federal government; therefore I am not being critical of this government for the route that has been chosen. In my opinion, however, the route that is now being followed, through the prairie provinces at least, is the most uninteresting part of the provinces through which a tourist may hope to travel. I say this with all due respect to that part of my own province of Manitoba which I know is dear to the hearts of those hon. members who have constituencies along that highway.

So far as the commercial objective is concerned I would say the highway follows an excellent route in that province, but certainly from a tourist's point of view anyone who is familiar with the province of Manitoba will know that the scenic beauty and recreational interests of the province start a considerable distance north of the present highway route. It misses entirely, for example, Riding Mountain national park which is one of the greatest national parks in this country. It misses many other scenic areas in the northern part of the province which are developing quickly at the present time.

Even from a commercial point of view it can easily be seen that if a loop of the highway system were to pass through northern and western Manitoba and go as far north as Flin Flon, then link up with Nipawin, Saskatchewan and carry on through that province, in addition to passing through some of the most wonderful tourist country in Canada it would be useful in opening up valuable mining districts which today are served only by railway and in some cases are not served by transportation at all.

In my opinion attention has to be paid in the very near future to enlarging the concept of the trans-Canada highway to a trans-Canada highway system. There will be areas in which the commercial and tourist objectives can be synchronized along one route. That may be true to some extent in the province of Ontario, but certainly once you hit the prairies where you find the population spread over a much larger area to the north and south than is the case in Ontario, you can see immediately that one route will not adequately serve either the commercial or recreational objective of this highway system.

Apart from these considerations I for one am very glad the government has gone this far at least. The adequacy of the provisions of this bill have been thoroughly discussed

by previous speakers, and I need not add my comments. I am glad the government has at least gone this far in helping what we hope will be the acceleration of the completion of this highway.

At times I have felt quite embarrassed, and I am sure we have all had that experience, in travelling between eastern and western Canada in that we have to pass through the United States because of their splendid highways. It is not that we have anything against the United States; it is a fine country and its inhabitants are fine people. It does seem a bit of a national embarrassment, however, that in a country as beautiful as ours we have to by-pass what is from a tourist's point of view perhaps the most beautiful part of a trip between, let us say, Montreal and Winnipeg, and go around on the south side of the great lakes in order to stay on good roads. That is one aspect of the matter. I believe it would be a good thing for us if we could travel across Canada from coast to coast, and we hope to see that accomplished in the future.

There is also another aspect of the matter. We talk about tourist trade, and we go to quite an expense and a great deal of trouble in advertising Canadian tourist attractions in the United States and even further south in Mexico and other countries, endeavouring to sell our tourist attractions to foreign nations, which is a good thing. Unfortunately we do not get as much benefit from that as we would if we had a good highway system. One matter we overlook, and I think this is our greatest loss from the point of view of the tourist, is that we are unable to attract Canadian tourists, for example, from eastern Canada or the eastern coast to the western coast and vice versa. This is not necessarily a loss in dollars and cents, but I think we are missing an opportunity in this field.

In this house and in the provincial legislatures we talk a great deal about national unity, about building up a pride in our country and building up a feeling of belonging, of citizenship and patriotism. This is all to the good. I would point out, however, that one trip through Canada from coast to coast on a good highway would do more for the average person than 200 speeches in the House of Commons on the subject of citizenship, patriotism and love of our country. One has to see to believe and to truly appreciate. I think it represents a national loss which cannot be measured in dollars and cents when many hundreds of thousands of Canadian citizens who are travelling from east to west or from west to east each year must pass through the United States in order to reach their destinations. That is one thing I think we should bear in mind when considering this bill.

I believe it should be emphasized that our highway system is needed not only from commercial and recreational points of view but because it would form part of our national defence system. Recently conferences have been held across Canada in connection with civil defence. I have read reports of those conferences, as no doubt other hon. members have, and one of the things that struck me has been that civil defence co-ordinators, local captains and so on, who are concerned with this phase of our activity, have stated that from the national and civil defence point of view our present transportation facilities are shockingly inadequate.

It has been said that if there were a crisis—it does not necessarily have to be war; it could be some other form of crisis which would be just as serious as war—we would find a great number of bottlenecks in our transportation system which would prove to be most serious. As reference has been made to bottlenecks I want to take advantage of this opportunity to refer to what was said the other day about Winnipeg being a bottleneck in transportation to western Canada. I do not like that term being applied to the city of Winnipeg, which we regard as the gateway to the west. I particularly do not like that term bottleneck being applied at this time in view of the excitement which is taking place in our province in connection with beer and liquor. I hope that term will not be used until after this issue has been settled in the city of Winnipeg.

I do not wish to hold up the house any longer. I have expressed a few thoughts. I hope that apart altogether from the provisions of this bill this parliament will not long delay giving attention to the provision of an adequate trans-Canada highway system which will serve the country from the point of view of commercial, recreational and civil defence needs.

Mr. A. H. Hollingworth (York Centre): Mr. Speaker, I had not intended participating in this debate this afternoon but a few remarks were made by the hon. member for Broadview which I should like to discuss.

First I should like to congratulate the minister upon introducing these amendments, which indicate that the federal government is going to pay for more of this road. I think that is a good idea. I also like the idea of the extension of federal aid. I had the privilege this past summer of seeing some of the work being done on this highway in the British Columbia-Alberta area. When one travels from Field to Golden I think he

realizes the tremendous physical difficulties encountered in building a highway through the mountains. Also if one travels through northern Ontario he becomes aware of the physical difficulties faced by the engineers and contractors in building a road through that territory.

I think hon. members on this side of the house are a little fed up with the references made by the hon. member for Broadview, particularly—this is the impression I received —when he seems to imply that it is a federal responsibility to build highways through Canada. It is true that we certainly have an interest in doing this, but it must be continually kept in mind that roads are primarily within the jurisdiction of the provinces. After listening to the hon. member for Broadview I certainly have the impression that he wants us to take over the whole business of roads throughout the country.

Mr. Hees: On a question of privilege may I correct the hon. member and say that I never said it was a federal government responsibility to build roads in Canada. I said it was a federal government responsibility to see that the trans-Canada highway was built and that the road through the national parks was built. That is all.

An hon. Member: Yet you spoke for 40 minutes.

Mr. Hollingworth: I am glad to have the hon. member explain his viewpoint, because I received an impression which was somewhat different.

Mr. Hees: You happen to be particularly stupid.

Mr. Hollingworth: That is coming from a fine source, is it not?

Mr. Knowles: Is being stupid a federal or provincial responsibility?

Mr. Hollingworth: We have heard several references to the fact that the province of Ontario cannot afford to build roads, that it has no money for education, that it has no money for anything; but the hon. member knows quite well that last year the province of Ontario had a budgetary surplus of $50 million. Hon. members know quite well that a special fund of $30 million was set aside for highways. But we are told that the province of Ontario has no money for roads, that it has no money to pay its share of the cost of the trans-Canada highway. What nonsense. The hon. member says this is a national disgrace. I take strong exception to those words, because if there is any national disgrace or provincial disgrace it is the way highway 401 is being built north of Toronto to connect Hamilton and Oshawa. That is a provincial disgrace. Whose responsibility is that?

I want the house left with the impression that the federal government, with all its expenditures for social security and for defence, has shown by this amendment its willingness to put up $250 million. Already in Ontario $22 million has been allocated for this trans-Canada highway. Surely no hon. member in this house can say we are not paying our share.

I want again to congratulate the minister and urge him to keep up his fine work. I am sure the Canadian people are very proud of the federal government's contribution in this sphere.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I want to assure the hon. member for York Centre that when he says that anything that happens in Ontario is a national disgrace I would not subscribe to it as coming from the maritimes—

Mr. Hollingworth: I said provincial disgrace.

Mr. Bell: I can assure the hon. member that people from outside Toronto and Ontario are not as concerned about things that he may think are national disgraces in his province. That is something strictly of a provincial nature.

An hon. Member: Roads?

Mr. Bell: Since the Minister of Public Works has now accepted certain responsibilities with respect to the construction of highways within national parks from the Minister of Northern Affairs and National Resources, I should like to point out one matter which I consider to be unfair and worthy of consideration by him. I hope he will not think I am extreme when I point out that the two provinces in which national parks are located where the highways within those parks are being completely financed by the federal government are gaining a considerable financial benefit, while the provinces other than Alberta and British Columbia are placed in an unequal position. As I say, it may seem extreme, but the minister has made a point about the financial and other difficulties that have arisen in the parks out west. He said that extra expense is incurred and additional delay is caused because of the costs involved. It is my contention that the provinces of the east are not benefiting to the same extent as the provinces of the west in the development of various scenic roads that are perhaps outside the park areas but which lead to the parks.

I have an example in mind, as the minister may have guessed. I refer to Fundy national

park in New Brunswick. There is the possibility of a delightful scenic drive from Saint John along the shore of the bay of Fundy to the park. It is known as the Fundy trail. Here is our problem. The cost of construction there is fairly high. I suppose it is comparable with the cost of highways within the two western parks I have mentioned. I suggest that while the matter does not come completely within the orbit of the minister's responsibilities he certainly would have something to say about it. It may be that an alternative route for the trans-Canada highway which would go through the park is necessary, or it may be that the boundaries of the park should be extended to include the expensive part of this road which has to be developed. The tourist possibilities of the Fundy trail would be immense. The tourist trade aspect has already been dealt with, and great emphasis has been laid on the benefits that accrue from highways. I suggest this is an important factor that should be considered.

Second, there is the question of defence. We learned recently of a super-highway that is being built up the coast of the United States and which will probably end at the New Brunswick border. I suggest to the minister that here is an opportunity to continue this defence highway up through New Brunswick. It would aid in the development of this area which is faced with such terrific construction costs.

Finally, Mr. Speaker, I should like to leave this thought with the minister inasmuch as he is involved directly in responsibility for the construction of highways within our parks. To repeat what I have said, I suggest that these provinces which are attempting to develop routes in connection with the national parks are faced with financial inequality and unfairness compared with the western provinces, where highways in connection with the parks are being paid for completely. I suggest that the minister consider that matter.

I admit that it is not his responsibility entirely. The provincial authorities and the minister in charge of parks also come into the picture. However, the Minister of Public Works undoubtedly will be involved in the matter, and I suggest that he remember that there is considerable financial disparity. I believe it might amount to thousands of dollars from the way costs are mounting out west, and every thought should be given to these provinces of the east which are faced with costs that they find are beyond the capacity of their financial resources.

Mr. John Decore (Vegreville): Mr. Speaker, I listened with a great deal of interest to the observations made during the course of the debate by the hon. member for Bow River,

[Mr. Bell.]

and of course I agree with him that everything possible should be done to see that the specifications for the trans-Canada highway are of a type that will carry heavy loads and heavy traffic. But I do not think the minister should take the advice of the hon. member for Bow River too seriously when he says that the roads of Alberta are superior to other roads. Nor do I want the people of Ontario to take too seriously the statement made by the hon. member for Bow River when he said on April 16, as found at page 2950 of *Hansard*:

> If you want to see some good roads, go to Alberta. You have not anything in Ontario that can compete with them.

A lot of members are laughing, and of course it is worth a laugh. I am always a booster of Alberta but I certainly am not in a position to boast about Alberta roads. The fact is that we have some of the finest potholes on our roads of any place in Canada in spite of the huge expenditures—

Mr. Knowles: What about Ottawa?

Mr. Decore: —made on the road program by the Alberta government with its huge revenues from oil, and despite the heavy gasoline tax imposed by that government.

Mr. Johnston (Bow River): The oil was there when the Liberals were in power. Don't forget that.

Mr. Decore: The best way I can make my point—

Mr. Johnston (Bow River): Is by sitting down.

Mr. Decore: —is to read some editorials. I shall start with an editorial in the Calgary *Herald* of May 4, 1954. The heading of the editorial is, "Spring Breakup: On Roads Not Rivers." Of course we are having spring right now and that is a sure sign that our roads in Alberta are breaking up. The editorial reads in part as follows:

> A sure sign of spring in Alberta is the heaving and buckling of our main highways and motorists are now reporting that spring has sprung. The government's revolving road plan is in full swing. From Claresholm to Calgary the Macleod trail is gradually beginning to resemble a tank proving ground with large potholes and breaks in the hard top. A few of these are marked to warn drivers, but mostly the driver is on his own in picking his way through the ruts. It is safe to say that by the time the spring thaw is over the number of red flags needed to mark the holes would give the south road the appearance of Moscow on May day.

I shall read another editorial that appeared in the Edmonton *Journal* of August 25, 1955.

The heading is, "Stronger Highways Needed." It reads in part as follows:

> The breakdown of parts of the four-lane highway between Edmonton and Nisku should warn the provincial government to re-examine its standards for highway design and construction. The vital question is whether they are yet high enough to meet the burdens of traffic not merely today but during the next few decades when still higher traffic loads are to be expected. This section of highway 2—

Highway 2 is the road between Calgary and Edmonton.

> —is not the only piece of road built under provincial contract in recent years which has broken up or given way long before its time. But it is part of the province's main artery between the major cities—

The Acting Speaker (Mr. Applewhaite): I hate to interrupt the hon. member in the middle of his argument, but before he proceeds further I think I should ask him if he would indicate whether the highways that he is discussing are part of the trans-Canada highway. This house is not debating at the moment the merits or demerits of the road program of the province of Alberta, but a bill dealing with amendments to the Trans-Canada Highway Act. While I do not wish to curtail the hon. member's remarks, I must inform him that if the roads about which he is now reading are not part of the trans-Canada highway system, I am afraid he cannot continue along that line.

Mr. Decore: I appreciate what you have said, Mr. Speaker. All I am trying to do is warn the minister not to take too seriously the remarks made by the hon. member for Bow River, wherein he tried to indicate the superior qualities of our Alberta highways and to leave the implication that our trans-Canada highway should be built to similar specifications.

Mr. Johnston (Bow River): What paper are you reading from?

Mr. Decore: I was reading from an editorial in the Edmonton *Journal.*

Mr. Johnston (Bow River): That is a Liberal paper. You cannot put any trust in that.

Mr. Decore: This is the first time I have heard that the Edmonton *Journal* is a Liberal paper, or that the Calgary *Herald* is one.

An hon. Member: Keep going.

Mr. Decore: To continue with this editorial:

> But it is part of the province's main artery between the major cities; it is only four or five years old; and it was widely regarded by the motoring public as something of a showpiece—

Just as we hear today.

> —and as the herald of a new and better order in Alberta's highway building. In these circumstances, it is extremely disturbing that very extensive reconstruction should be required so soon.

The Acting Speaker (Mr. Applewhaite): Order. I do not want to appear unduly harsh, but I must warn the hon. member that unless the highway that he is now discussing is part of the trans-Canada highway it will be only fair that some defender of the Alberta government system should be allowed to meet the argument he is now raising. We would then find this house debating the merits of a provincial road system and not the trans-Canada highway. I think we must come back to the bill which is before us.

Mr. Decore: I appreciate the comments you have made, Mr. Speaker, I am merely pointing out again what has been brought out by the hon. member for Bow River. He pointed out the so-called superior form of the Alberta roads. I just wish to warn the minister not to take the hon. member for Bow River too seriously.

Mr. Johnston (Bow River): Mr. Speaker, I rise on a point of order. I want to draw to your attention the fact that I was not discussing Alberta roads. I was only using the specifications that Alberta uses for road construction as a guide for the federal government.

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, I should like to make a few remarks with respect to the subject matter which is before us, and to comment on some of the ideas that have been given to us by the minister. While it is encouraging for us to learn that there is growing concern in the ranks of the government with respect to the discouraging delays in completing the trans-Canada highway, the terms of the bill before us will in no way eliminate the fact that an adequate highway program for our dominion, with the urgent need of substantially assisting the various provinces in order to carry out a proper road program, is perhaps the most neglected item in the federal program.

The position which we in the Social Credit group take on this matter is that a new and realistic approach must be made to the whole question of Canada's highway requirements. Instead of a dynamic effort to meet one of the most pressing problems facing our communities in Canada we are considering a bill which, while it is a step in the right direction, in my estimation is a patchwork of previous inadequate legislation that was enacted with respect to the building of roads in Canada. Actually we are trying at this late date to correct what was essentially inadequate financial assistance to the provinces of Canada when the Trans-Canada Highway Act was first passed by parliament away back in December, 1949.

I recall that at that time it was widely predicted by government spokesmen that the target date for completion of the trans-Canada highway would be about the year 1956. From the terms of this amendment to the act which we have before us, it appears that the government has now revised its forecast to May 31, 1961. Judging from the amount of construction completed to the present date and using the number of years from 1949 to 1956 as some sort of measuring rod, I am afraid the government will be compelled to extend still further into the future the completion of the first national highway in Canada.

I believe the situation is becoming scandalous. Let me point out that last year a program of highway building costing federal and state governments over $101 billion for the next ten years was adopted by the Eisenhower administration.

Mr. Winters: It was recommended, not adopted.

Mr. Holowach: They have ten national highways.

Mr. Winters: It was recommended; that is all.

Mr. Holowach: In Canada we are still waiting for the completion of our first trans-Canada highway. I say we should be thinking in terms of not one trans-Canada highway but numerous trans-Canada highways, and the time of commencement of these should be now. I think the situation in our country is that we are too retarded in our thinking on this important subject.

On numerous occasions in the past I have stressed the urgency of undertaking such a program. In this connection I urged in previous debates that a department of roads be set up to accomplish this objective. Speaking for my own area in western Canada, I again suggest that a northerly east-west route from Winnipeg by way of Saskatoon, Edmonton, Jasper park and the Yellowhead route to the west coast merits immediate attention. I think the terrain along this route, the elevation and the snowfall conditions, lend themselves ideally to a super four-lane highway. Such a route would connect the industrial and developing areas of western Canada with the east.

There is something further I wish to mention. There is the matter of the urgency of defence considerations which I believe are involved in this matter of roads in our country. On many occasions we have heard desperate pleas from competent sources urging study of mass evacuation of our cities. I think we must try desperately to prevent such action from ever becoming a necessity; but should the time ever come when it is necessary, how in the world can we possibly evacuate our cities unless we have proper roads and highways? I say to you that it would be monumental cruelty for us to continue procrastinating on this important subject.

I have in my hand an important article which has a significant message. It is taken from the New York *Times* of March 12, 1955. It is headed "Clay Backs System of Superhighways" and reads in part as follows:

> Washington, March 11 (UP): Gen. Lucius D. Clay, retired, said today it would be "just about impossible" to evacuate United States cities in an atomic attack without a multi-billion dollar new system of interstate super-highways.
>
> In a strong appeal to a Senate public works subcommittee he asserted that it would be the "greatest mistake we ever made" if congress failed to vote "roads for survival" . . .
>
> He headed President Eisenhower's highway committee that recommended a 10-year, $101 billion road building program . . .
>
> Gen. Clay agreed it would be "very difficult" to empty cities even with the proposed system. But he said a "many, many times better job" could be done. . . . He asserted, however, that "we could save many lives" by evacuating "secondary" areas tainted with radioactivity after a nuclear attack.

While we are appropriating again this year several billions of dollars for munitions and arms, we hand out a few peanuts to the provinces for roads which can serve defensive and peaceful purposes. Considering along the civil defence angle, it is not unreasonable for us to suggest that the federal government should provide substantially all the funds needed for modernizing a strategic network of highways in our country. I think the government would be right in breaking with its existing policies and thinking along the lines I have mentioned.

There are other reasons why the government ought to revise its thinking respecting highways and road construction in our dominion. We can hardly expect the respective provinces of Canada to continue shouldering the financial burden of building roads while the federal government reaps the colossal revenues derived from excise and sales taxes on vehicles and industries associated with roads. It is true that under our constitution the responsibility for building roads lies with the provinces. Let me point out, however, that aiding the provinces in their road programs would mean aiding provincial economies, which field is taxed heavily by the senior government.

The controversy that has been carried on in this house during the past two days over whose responsibility it is becomes a joke when one considers that the matter is linked with our national economy and our national defence.

I believe the verdict of the people of Canada would be for the calling of a conference of representatives of the various provincial governments to aid, and objectively formulate, a national highway program truly worthy of our great country. Such a request was made by Premier Manning of the province of Alberta as far back as March of 1953 and again on April 10, 1953. At that time he was acting in accordance with the wishes and with the consent of the governments of the three western provinces, Saskatchewan, Alberta and British Columbia. I am sorry to say that nothing came of those requests for such a meeting. What we actually need are less words and misunderstanding and a little more action and performance.

Mr. John B. Hamilton (York West): Mr. Speaker, one thing we are quite sure of by now is that there is a considerable difference of opinion about the condition of the roads in this country. I am a little worried about speaking today after that lecture the hon. member for Broadview received earlier. Though I did not take part in this debate at the resolution stage, I have gone to the trouble to see if I have ever said anything like this in past years, so I think I can be reasonably clear that I am not going to be guilty of any repetition in so far as this debate is concerned.

One of the things that depresses me about this subject was something I recall was stated by the Conservative member for Queens (Mr. MacLean). I think he referred to an Indian potentate in his example, but it amounted to this, that you can go broke buying bargains. It appears to me that that type of solution is being offered by this government to the various provinces. There is not very much point in suggesting that we are going to be prepared here to match a certain number of dollars when those dollars in fact do not exist.

I might refer specifically to the remarks by the hon. member for York Centre. Of all the people in this house I think he is quite well aware of the restrictions in connection with municipal and provincial financing. He was a member of the municipal council in his own district of York Centre. I think he must realize that although the province of Ontario may be showing a surplus in so far as its budget is concerned, it is building roads at an expanding and accelerating rate. I am afraid it is having to finance them on an amortization plan, which may cause us considerable heartache in the future. Yet if it does not do so the true seriousness of the situation is going to be reflected in the fact that many other essential services such as the building of schools may be affected. I am not going any further with my remarks in that connection because I can almost see you ready to rise, Mr. Speaker, and say that at this point I am out of order.

However, the provincial situation is such that no matter what province it may be, the continuing financial strain is almost getting to the breaking point. I say to hon. members of this house that that is just as applicable to the so-called rich province of Ontario as it is to any of those that might consider themselves less fortunate.

I listened to the hon. member for Fort William. I respect his opinion and I like to talk to him regularly, but when he says we have had remarkable leadership in this connection, I think he is far off the mark. As a matter of fact the chief thing that is the matter with this particular program is that there is no pioneering spirit being shown in it. When we try to compare this with the building of the C.P.R. in the early days of confederation, the two just do not go together. At that time there was a spirit throughout this land which was fostered by the people in charge of the government at that time, and which ensured that that very necessary railway was built and apparently built just as quickly as we are going to have this trans-Canada highway built in the years to follow.

I should like to say that in the last six months I have seen some road construction in Mexico. Taking a look at the time that is involved, I believe that road construction in Mexico is going on just as quickly as on this trans-Canada highway. It is being done with picks and shovels and without any of the automatic equipment that we have to carry out the construction program here in Canada. It is a sad state of affairs when lands of that type, building in country just as difficult as our own, are able to keep up to us with the use of picks and shovels.

I have seen some of the trans-Canada highway, and I might say I have seen a part in the riding of the hon. member for Bow River. When I saw it I thought you could use it as a pedestrian way if you wore hip boots, but from the standpoint of using it as a highway, it is going to be many years, if we continue the present pace, before it will be in use for the moving of people and goods.

An hon. Member: You must have been having a dream.

Mr. Hamilton (York West): I said the other night that the government can always find an excuse for not going ahead. They can tell us about provincial rights, but when they find something for their own political purposes they can forget them very easily. I say this

is one of the occasions when they might get down off the pinnacle and deal with the people at the level at which we can accomplish something. I do not think they should tell us they have no money. No, sir; they have the money, all right. They collected it from the people to whom it should be returned in the form of highways which will be of some benefit to the whole country.

At this point I am going to say I am repeating, because I used these figures once before, but I think they can bear repetition. According to the public accounts of Canada, volume I, for the year 1954, this government collected $94,715,040 in excise taxes on automobiles. It collected $11,381,716 in taxes on rubber tires, tubes and articles of that kind. From figures it is almost impossible for me to calculate the amount of sales tax, but the Canadian Automobile Association presented a brief to the Minister of Finance on September 10, 1954, and their estimate was that the government also collected approximately $90 million in sales tax. In addition the government has collected on an annual basis somewhere between $25 million and $50 million of taxes on imported vehicles.

I am not going to refer to the tremendous amount of corporation tax which has been collected from the automobile companies, but obviously that tax in fact is paid by the consumer, the person who buys the cars and trucks. How many millions of dollars it is I would not even dare estimate. But even the figures I have given you here today, sir, indicate that approximately $250 million can be collected in this manner annually. What did this government do for the people who paid this tax? Well, I will tell you. In that year they spent $13,378,998 on the trans-Canada highway. At the same time it cost about $400,000 for the administration of that highway, and I think they spent about $750,000 on the parkway system in the Ottawa area, so all told it was something like $14 million or $15 million.

Now, sir, they are collecting $250 million annually and they are spending for the motorist, for the person who buys the trucks and cars, approximately $14 million or $15 million. As a matter of fact they collect enough in a year to cover the total expenditure that I heard read out by the minister since the inception of this program. One years' collection of taxes from these people would pay the complete cost of this particular highway so far. It is high time, sir, that this type of taxation was used for the benefit of the people who pay it. As long as we continue to have this type of taxation, as long as there is no responsibility to plow it back into the facilities that are required by the people who pay the tax, so long you are going to continue to have this type of headline: "Frost Asks $100 Million More". Why does he ask that? Because this government does not put it back where it belongs; and so long as it continues that policy so long will every province of this dominion require a greater amount of money from the federal treasury.

There is only one other item I should like to speak about. You know, sir, since I have been moved over to this area I have had a couple of letters from people congratulating me on being appointed parliamentary assistant to the hon. member for the Yukon. As a matter of fact I cannot think of anyone better to be parliamentary assistant to. When I heard him speak the other night about the problems of the Yukon and of the Northwest Territories and of the access roads that are required to the coast I thought it would be a wonderful thing if hon. members here could see some of the roads out there and see some of the country out there. I have seen it, and I was very much impressed with it. It is a long way from York West to the northwest, but it was a wonderful experience.

It seems to me that at this time—and I shall relate these remarks to the trans-Canada highway and the trans-Canada highway system—when the natural resources of this country are so much in demand by our friends to the south and when I would venture to say that the demand for those resources is going to increase, it is a wonderful opportunity for this country to bargain from strength for the privileges the hon. member for Yukon spoke about the other day in the budget debate.

The minister has said that we in this house are responsible for the operation of the highways in Yukon and the Northwest Territories. There is no question about that, or about our having to share that responsibility with anybody else. It boils right down to us. It seems to me that if we are to develop the north, sir, one of the things we should be aiming for is an integration of the highways in that northwest area with this trans-Canada highway system. If I can make any plea in this house today for the future of the northwest it would be that we heed very much the warning of the hon. member for Yukon and see whether we cannot integrate that highway system with the trans-Canada highway system, and whether we cannot bargain from strength to obtain the corridors required to ensure that we open up those areas.

An hon. Member: Order.

Mr. Hamilton (York West): I heard someone say "order", Mr. Speaker. I think we are

a long way off the track when an hon. member says I am out of order in asking that the highway system in that area be placed along with the trans-Canada highway and made a part of the responsibility of this house. I hope, sir, that all hon. members will consider the plea made by the hon. member for Yukon.

Mr. B. R. Leboe (Cariboo): I intend to take only a minute, Mr. Speaker. I hold in my hand a report of the proceedings under the Trans-Canada Highway Act. Inside the cover they have a beautiful picture of a piece of the British Columbia highway which tells a story in itself. The piece of the trans-Canada highway that is pictured here is much wider than the ordinary trans-Canada specifications. The reason it is wider is that truck transportation moving up hills requires a certain section of the road, and it is left wider so the passenger traffic can get by. I should like to call the minister's attention to this, because I think the trans-Canada highway specifications should include wider specifications for the road on the hills throughout the system.

An hon. Member: Who paid for it?

Mr. Leboe: Someone asks "who paid for it?" In this particular case, of course, British Columbia paid for the additional width of road that is shown in this beautiful picture in the report. I should like to suggest that when consideration is given to taking on more expenditure, account should be taken of this because it is very important that on those hills there is an extra width for the trucks to travel on.

If we judge by the procedure that has been followed in British Columbia it is evident that they expect the trans-Canada highway to be one that will carry truck traffic. I was impressed by the words of the hon. member for Bow River, who expressed his concern over the fact that perhaps the trans-Canada highway was never intended to carry truck traffic. I was a little bit amused—and I mean that—by the reference of the hon. member for Vegreville to certain highways. Certainly if the highways he referred to are of a higher standard than the trans-Canada highway, the minister should take note that even those highways which are of a higher standard are going to pieces, if that is what the hon. member was saying. I think that is what he was trying to get across. Certainly the trans-Canada highway, built to less stringent specifications, is not going to stand up nearly as well.

Therefore it only emphasizes what the hon. member for Bow River said when he gave the specifications for the Alberta highways. I recall in the words that were spoken that the base and the black top were heavier on the Alberta roads that are now supposed to be going to pieces. That serves to emphasize the need for a much greater base and a thicker black top surface to be put on the trans-Canada highway.

I am somewhat concerned, too, over that part of the bill which deals with the number of miles that have to be linked together in one piece. I believe it is five miles. I think we should look at the highway construction program with a view to achieving the accomplishment of the program as economically as possible and with the greatest amount of speed. I see no reason for stipulating the distance of five miles unless perhaps the government wanted to eliminate certain tough spots in the highway construction or some bridge that might cost much more money than would an ordinary piece of road. I would suggest the revision of that part of the act in order to make sure that it is going to meet the needs of the trans-Canada highway.

That is all I have to say at this time. I would certainly urge that the senior government, which is taking the biggest share of the tax revenue, reconsider the whole matter of the trans-Canada highway and the trans-Canada highway system. I believe when I came into the house in 1953 I mentioned in the throne speech debate at that time that the government should have a highway system under consideration, and I have not changed my mind one bit since that time.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when the minister opened the debate this afternoon he pointed out very clearly what he thought of the present situation with regard to the trans-Canada highway by several significant remarks. You will remember that he referred in the first place to the construction of the Canadian Pacific Railway and pointed out that, after all, it had taken 11 years to build that railway and that by the time this amendment to the Trans-Canada Highway Act had expired it would have taken 11 years to build the trans-Canada highway, so perhaps we are not doing too badly after all. It was certainly not a very enthusiastic introduction.

Mr. Winters: Mr. Speaker, may I point out that what I meant to convey was that the Canadian Pacific Railway was built in 11 years many years ago, so surely we can build a trans-Canada highway in 11 years.

Mr. Green: Well, Mr. Speaker, that is not very enthusiastic either, and it is not very inspiring. I am afraid the minister will have to be a great deal more convincing than that if he wants to get the highway completed even by the end of 1960.

There is one fact which must be remembered. Even before the Trans-Canada Highway Act was passed there was a passable road across Canada with the exception, of course, of the province of Newfoundland. Many years ago it was possible to drive even through Ontario, although you had to go up into the vicinity of a place called Longlac, I think. The hon. member for Fort William will correct me if I am wrong, but I believe there was a passable highway from one coast of the country to the other.

This condition existed quite a few years ago. It is amazing that we now require another four years to complete a paved trans-Canada highway, and there is no certainty at all that it will be completed even within that four-year period.

There are two points which the minister did not clearly explain in his opening speech, and I hope he will deal with them when he closes this debate. The first has to do with the gaps. He referred several times to gaps. My idea of a gap in the trans-Canada highway is a portion over which you cannot drive, but it is obvious that this is not what the minister means when he refers to a gap. He seems to mean any part of the highway that is not completed up to trans-Canada standards. I suggest that he keep before the eyes of the provinces and the Canadian people the gaps over which you cannot drive at all. I do not know even yet how many miles there are which come under that category.

Mr. Winters: I said so.

Mr. Green: The minister said there were 185 miles over which there was nothing built at all, but at page 5 of the report of the proceedings under the Trans-Canada Highway Act for the fiscal year ending March 31, 1955, we find there were at that time 160 miles in Newfoundland which were not passable and 162 miles in Ontario which were not passable. They are described in this table as non-passable mileage. It is the other way around; the table describes the passable mileage, so I take the difference between the total mileage there should be in a province and the approximate passable mileage is the amount that is impassable.

Mr. Winters: I think the report you are referring to is of March 31, 1954.

Mr. Green: Well, the report is up to March 31, 1955. I believe the house should be told exactly what gaps a car cannot be driven over and where those gaps are.

Mr. Winters: It is all in my statement.

Mr. Green: There certainly is no gap of that kind in western Canada, and I do not think there is any gap from the eastern

border of Ontario right through to Halifax. The only two remaining provinces are Ontario and Newfoundland, and we should be told exactly what mileage there is in each of those provinces over which a car cannot be driven.

Mr. Winters: If you read my statement you will find it.

Mr. Green: I suggest that these gaps should be the object of concentrated attention so a Canadian can drive from coast to coast in Canada, and I hope he or she will not have to wait until 1961 to be able to do that merely because there are a few miles in Ontario over which a car cannot be driven at the present time.

Mr. Winters: We are of the same mind on that matter.

Mr. Green: The minister should take far more aggressive action to see that this particular gap is closed. I have here the brief submitted by the Canadian Automobile Association just a few months ago. They emphasize this need very clearly in these words:

> In a nation which has risen to fourth position in world trade, which is recognized in the world as one of the most progressive and far-thinking nations of the day, it is most regrettable that a Canadian motorist cannot drive across his own country.

The minister announced this afternoon that the government is now dropping its insistence that the whole of this road must be brought up to trans-Canada standards. He said that where there is a paved road he will not require the province to tear it up. That, of course, is quite a departure from the standard which was set in 1949. I hope that from here on he will focus his attention on getting a road that can be driven on in those portions of the country where there is no road at the present time.

The second point he did not make clear in his remarks is what is to happen to this highway once it has been completed. We have been lead to believe that this is to be Canada's national highway, but government policy seems to be that once the road has been built to certain standards then the dominion government fades out of the picture and the highway becomes ten provincial highways. The other day I asked the parliamentary assistant about that and I think his interjection, to be found at page 2965 of *Hansard* of April 16, is very significant. I said:

> —but I believe there is no provision in the legislation for assistance from the dominion in keeping this highway up to modern standards.
>
> Mr. Bourget: It will be the property of the provinces.

How can you expect to have any national enthusiasm over this highway when it is going to be national only until it is completed the first time? The minute it is completed and the dominion pays its share the highway is to be handed back to the provinces and the dominion will have no more concern with it. Not only do highways have to be maintained, they have to be improved. As larger trucks are used heavier highways and bridges are required, and that is going to be the case indefinitely. There will have to be improvements made on this highway even after it has been graded, and made a continuous highway.

If the dominion does not stay in the picture then the provinces will do exactly what some of them are doing today. They will say, "Oh, we want to spend our money in another part of our province where there are more people; we are not going to put out any additional money on the trans-Canada highway, as that is not our first responsibility." The result will be that shortly after this national highway is completed it will no longer be a first-class national highway. It may well turn into ten second-class provincial highways, and the whole vision of a great national road will have been lost.

I would hope the dominion government will change its policy in this regard and determine to stand behind this national highway even when it has been completed for the first time. I see no reason why the dominion should not pay its share of the cost of modernization of the highway indefinitely. Let it be a truly national highway.

I should like the minister to explain also why, once the road has been finished, the dominion should not assume some share of the cost of maintenance, why it should not see that the highway is kept up. Otherwise I am convinced that the minute we reach the point where we have a national highway it will start to go downhill and none of us will be very proud if that situation should develop. I hope when he closes the debate the minister will see fit to deal with these two questions.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, probably what I have to say will be ruled out of order with the statement that the remarks of the hon. member for Vegreville were out of order. The hon. member was permitted to put on the record some editorials which gave just about as thoroughly a distorted view of the highway situation in Alberta as any editorials possibly could. I should like to take just a few minutes to set before the house and the country the facts pertaining to the situation in Alberta. I hope I can do this in five or ten minutes without being called to order.

Nothing has been said by any of these newspapers which were quoted by any of these brilliant Liberals who come down here to kick their own province in the face about the fact that in 1935 there were 80,000 miles of road to be built in Alberta, and that at that time there was not one single mile of graded and paved road in that province. The territory which had to be served by those 80,000 miles of road was settled almost all over because of the peculiarities of the settlement of Alberta. There were great areas along the Canadian Pacific railway and great areas owned by the Hudson's Bay Company and other concerns which resulted in the spreading of population all over the province.

The result was that these roads had to be built. The people in all these areas were clamouring for roads; they needed them. Any government which in 1935 undertook to build a road system that was suitable for Alberta could not afford to spend all its money on a few hundred miles of road and leave the rest of the 80,000 miles unserviced. They simply had to spread out their money and their work, which meant that no single mile of road in Alberta could possibly be up to the high standard which might be prescribed. They had to build the best they could, realizing that a tremendous area had to be covered. It was something like a man with 15 children who all needed shoes. He could not buy every one of those children a pair of shoes costing $15; probably he would have to get them shoes costing $3 or else buy them moccasins.

Mr. Deputy Speaker: It is now six o'clock, but before leaving the chair may I point out that we are discussing a bill dealing with the trans-Canada highway. When I was in the chair this afternoon one hon. member discussed, I think quite properly, the specifications of the trans-Canada highway in general terms and also with respect to a particular province. At the present time I would think it would not be in order—the hon. gentleman more or less invited me to bring him to order—to discuss provincial road-building programs except in so far as they affected the trans-Canada highway. I did not interrupt the hon. member while he was laying the groundwork for his speech, but I do feel that we must confine ourselves to the principle of this bill which concerns the trans-Canada highway.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Blackmore: Mr. Speaker, one of the bones of contention among hon. members as they have talked to each other across the floor ever since this measure began to be considered has been whether or not the provinces should bear a more generous share of the cost of the trans-Canada highway or whether the dominion should. I think each province has particular difficulties which give it just about all the troubles it can bear. I was on the point of mentioning some of those difficulties as regards Alberta to show that she certainly is not in a position to spend any more money on the trans-Canada highway than she absolutely has to spend.

I mentioned before the house took recess that we had 80,000 miles of road to build in Alberta; that with a population spread over so large a part of the province there was a great demand for roads in nearly every part of it. I should like to draw attention to two or three other aspects of our provincial situation which are disregarded by many of our Alberta Liberal members who come down here and report about the province.

In the first place, Alberta is a foothill province. I do not believe there is another area of land on the North American continent that has conditions identical with those of Alberta. Because of the fact that there are so many swamps, so many areas where drainage is sluggish and such a tendency for springs to come up in wet years, we frequently build first-class roads over a certain area never dreaming that there are springs under those roads. Then when a very wet year comes along we have springs coming up right in the middle of the roads. We have had that happen in a good many cases. We have had to dig down 15, 16 or more feet because of the deterioration before we could build another road over the top.

Things like that need to be borne in mind in dealing with Alberta. Because of the fact that she is a foothill province she is very different from other provinces. Consequently when the engineers went to work planning roads in Alberta they had nothing to go by, and although we had the very best engineers we could obtain there had to be a good deal of experimentation which resulted in losses of roads and great additional costs.

There is another important matter which indicates the difficulty that Alberta has. That is the great variety of climate. Sometimes we have very wet years and sometimes we have four, five, or even ten dry years. People would become accustomed to the dry years and build a road where they thought it would certainly be secure and safe, but lo and behold when a wet year came it was anything but secure and safe. There was always the danger of having roads heave in the wintertime as the result of frost, especially if we had wet falls.

When the hon. member for Vegreville read the editorials from those two papers he made no mention of facts like these. The two editorials made no mention of these facts, and if they were going to be fair they should have done so. It needs to be borne in mind that every mile of road in Alberta from the time Social Credit took over in 1935 was built under the direction of the very best engineering advice that could be obtained. I will challenge anyone to show wherein that was not true, or wherein there was any wastefulness or inefficiency in building roads. The simple fact is that roads did not stand up because of the reasons I have given, and we had to build roads over again.

There is another most pertinent thing. The important major oil discovery in Alberta was in the Leduc field in 1947. Roads which stood up to the traffic in Alberta up to 1947 simply were hopelessly inadequate when the great machines and the great trucks laden with very heavy oil equipment and machines started to travel over those roads in great numbers. Consequently nearly all the north and south roads which we had and which we thought would stand up were simply destroyed by the tremendous traffic over them from 1947 and 1948 onward especially in wet years.

There is another thing that has to be borne in mind. In addition to the great number of roads we had to build, our revenues were very meagre. The first Social Credit budget in 1936, I believe, was in the neighbourhood of $15 million. When you bear in mind that practically 49 cents out of every single dollar of revenue that was acquired had to go for the payment of interest on bonds alone you can see the conditions under which the government laboured when it endeavoured to provide roads in a province like that with the conditions I have already mentioned.

I do not think I need to say anything more, Mr. Speaker. Anyone who is realistic, anyone who is inclined to be honest and fair, will realize that under the circumstances editorials like those read by the hon. member for Vegreville were published by papers that did not intend in any way to be fair. They were deliberately trying to hurt the province and deliberately trying to hurt the government of that province which, as I have said in times past, is in my opinion the finest government

that is to be found on the North American continent, if not in the whole world. All we desire is that men tell the truth about us, and give us a chance to go on and do in the future work comparable with what has been done in the past.

What I have said certainly indicates to the minister that we have no money to spend on the trans-Canada highway other than what we absolutely have to spend. Yet Alberta has, I believe, built her share of the trans-Canada highway—the minister will correct me if I am wrong—right up to date and has in many cases built far ahead of the money the minister has paid. In other words, I am told that she has built sections of the road and has had to wait six, seven or eight months before receiving the dominion's share.

Thank you, Mr. Speaker, for the opportunity to make these few observations. I think my hon. friends from Alberta will find what I have said completely unanswerable.

Mr. Speaker: Is it the pleasure of the house to adopt the motion? If the minister speaks now, he will close the debate.

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, there are one or two questions that I should perhaps answer in winding up the debate at this stage. The hon. member for Broadview spoke today in the capacity of official critic for the official opposition. Therefore I would imagine that the views he expressed were those that the Progressive Conservative party wish to convey on the measure before the house at the present time. I rather gathered that he is under some misapprehension as to the role of the federal government in the trans-Canada highway and the relationship between the provinces and the federal government with respect to this project.

This all came about, as I said in my statement, because of what seemed to be the wish of the provincial governments and on the part of the public generally to have the federal government provide some financing and to co-ordinate the project, but it was never suggested by anybody responsible that the federal government should insert itself into the prior position, that it should assume any responsibility for ownership of the highway or that it should contribute toward maintenance once the highway was completed. The concept was to join up ten provincial roads to form a trans-Canada highway; and since that had some national complexion the federal government was justified in participating, but only on the grounds that the provincial autonomy would be protected at all times, that the highway would be constructed by the provincial governments, and that provincial practices as to highway construction would be adhered to to the greatest possible extent.

The hon. member talked about the limitation of federal funds on the rate of construction of the trans-Canada highway. I do not think that is a correct concept. At no time have the federal funds voted by this parliament been a deterrent or a limiting factor on the pace of construction of the trans-Canada highway. The money has been available, and we would have been gratified had the pace proceeded faster than it did. Our mutual regret—and when I say "mutual" I mean the provinces and ourselves—is that they have not been able to do as much work as they contemplated originally for reasons which I gave this afternoon when I opened this debate on second reading. The provinces themselves have never suggested or asked that we take over ownership of this highway or assist with the maintenance of it. Those were clear understandings from the start.

I referred to the Canadian Pacific Railway, and I said that extremely important project took 11 years to complete. I also said that if this measure is passed, parliament will be providing 11 years in which to complete the trans-Canada highway. When we view this present project in the light of present-day techniques and construction methods I think 11 years for a trans-Canada highway is far more than was comparable when the C.P.R. was built. The impression I intended to convey was that if the C.P.R. could be built in the last century in 11 years, then surely with the nine provinces working together and with the financial assistance and the co-ordination of the federal government, we should be able to build a trans-Canada highway in less time than that.

I wish to make one more reference to that matter. The hon. member said the C.P.R. was built smoothly, efficiently and without any difficulties at all.

Mr. Hees: No; I did not say "without difficulties". I said "smoothly and efficiently".

Mr. Winters: As reference reading I would commend to the hon. member "The Old Chieftain", which is a very good book and which gives a clear picture of the difficulties and some of the other problems encountered in the building of the Canadian Pacific Railway.

This whole operation as envisaged by the bill now before us is a gap-closing operation. I say that now for the benefit of the hon. member for Vancouver-Quadra (Mr. Green). Later on I shall have cause to deal with some of the other remarks he made. It is not

intended to be an invasion of provincial jurisdiction, as some of the remarks made by hon. members of the opposition would seem to be inviting the federal government to undertake.

The hon. member for Bow River (Mr. Johnston) was concerned primarily about the standards of the trans-Canada highway. I should say to him that the specification was a matter of agreement. From the outset we have said that we would be guided by provincial practices so long as the ultimate requirements are met. The hon. member stated that the base course set out in the agreement is not adequate. Actually there is no dimension specified for the thickness of the base course. The specification requires that the road shall be built to carry an axle loading of 18,000 pounds. I know of no province in Canada that specifies a load-carrying capacity greater than that. The method to achieve that load-carrying capacity is up to the provincial government. If the aggregate or granular material available in any one area requires a greater thickness than that—if it requires a 2-foot thickness—it is up to the provincial government to specify the thickness of a base course that will provide the load-carrying capacity set out in the agreement.

The hon. member mentioned the thickness of the asphalt and rather implied that it is limited to 3 inches. Actually the specification states that it shall be 3 inches, but there is no reason why it should not be more than that. We have actually approved and paid for a greater thickness than 3 inches. We have accepted and paid for a thickness up to 5 inches.

In Alberta as in some other provinces there is an asphalt stabilized base course which is usually something of the order of three inches thick and sometimes thicker, so that the total asphalt is usually at least six inches, with three inches top asphalt and three inches stabilized base course.

Mr. Johnston (Bow River): Do you think that is thick enough to carry the traffic?

Mr. Winters: Schedule B that is before the provincial governments now will specify 3 inches as a minimum. I think trans-Canada highway specifications have helped to set the standards in Alberta and elsewhere. It was on the trans-Canada highway in Alberta that the first shoulders were paved. My hon. friend made quite a point of that fact this afternoon. He referred to the matter of the right of way and deplored that it should be limited to 100 feet. The 100 feet width is specified as the minimum. As the provinces acquire and pay for the right of way, they are of course free to acquire any width they wish.

[Mr. Winters.]

Mr. Johnston (Bow River): That would be an additional expense to the province not shared by the federal government.

Mr. Winters: That is right; the provincial government is required to acquire and pay for the right of way.

The hon. member for Broadview (Mr. Hees) deplored the lack of progress at Banff and said there is not any mileage completed. There are some reasons for that fact. I assured the hon. member this afternoon that this highway would be completed within the period now set in this legislation. But there is one thing that I think I should, in all fairness, point out. That is that there are 37 miles of paved highway from the east gate at Banff to lake Louise. That had been the route of the trans-Canada highway until 1954 when it was decided to go south of the Bow river, so we have an entirely new route. We chose it in 1954, as I said, and we have already awarded contracts for grading along that route and in fact we have now under contract the grading of some 61·4 miles along the route of the trans-Canada highway in Banff and Yoho national parks.

The hon. member for Algoma West (Mr. Nixon) asked me three questions about the route of the highway in western Ontario. He asked: Before the location of the trans-Canada highway can be determined, must it be referred to the federal government? The answer of course is yes. He asked: Has the route through Sault Ste. Marie been requested by the government of Ontario? Today I received a letter from the minister of highways of the province of Ontario. It is dated April 17. They wish to build two roads in that area, one north from Thessalon and the other north from Sault Ste. Marie. They will of course ask for federal participation with respect to only one of the roads. The road now delineated in the schedule to the present agreement is from Sudbury to Chapleau. The road will either follow approximately the route of the Canadian Pacific Railway or will follow an alternate route via Thessalon, Ontario, depending on surveys yet to be made.

The Ontario government is now contemplating, and has asked for approval of, a route from Sudbury to follow highway No. 17 to Thessalon, continue along highway No. 17 to Sault Ste. Marie and then continue along highway No. 17 northerly from the Sault to the end of the presently constructed highway at Agawa, then to follow the surveyed location from Agawa northerly to Michipicoten, White River, Marathon and Schreiber. If that is the route the Ontario government requests, we shall certainly be pleased to give it favourable consideration.

The hon. member for Cariboo (Mr. Leboe) said we should participate in the cost of climbing lanes for trucks, and he quoted an example. In that particular illustration, he was under the impression that the federal government did not contribute, whereas actually we did pay one-half the cost of the climbing lanes as well as our share of the other costs of the road, and that is provided for under the terms of the agreement.

The hon. member for Vancouver-Quadra said that this should be an effort to close the gaps. With that, of course, we are all in agreement. The whole object of this exercise is to make an assault on these gaps, so as to enable people to travel in comfort by vehicle from one coast of Canada to the other. The remaining gaps are in Ontario and in Newfoundland. There is a 135-mile gap in Ontario between the Agawa river and a point east of Marathon, assuming the route chosen is the one through Sault Ste. Marie to which I have just referred. In Newfoundland there is a 50-mile gap between Clarenville and Gambo. Those gaps are shorter than the mileages to which my hon. friend referred this afternoon. As he pointed out, his figures were the mileage as of March 31, 1955, whereas I am speaking of gaps obtaining at the present moment.

I do not think it is asking too much of the provinces collectively, with the measure of assistance that is being provided by the federal government, to build a trans-Canada highway in the period now being sought in this legislation before parliament. I should hope it could have the support of all hon. members. On this point, however, there are some doubts in my mind.

The hon. member for Broadview, who was speaking on behalf of the official opposition, although he was quite critical of the federal government's role in the development of the trans-Canada highway, did not criticize the role of the provincial governments despite the fact that one of the gaps in the highway is in his own province. He did not say whether he was for or against the legislation.

He was followed by four other spokesmen from the Progressive Conservative party, the hon. member for Leeds (Mr. Stanton), the hon. member for York West (Mr. Hamilton), the hon. member for Saint John-Albert (Mr. Bell) and the hon. member for Vancouver-Quadra, none of whom gave any indication of their attitude or that of their party with respect to this legislation.

There were three speakers from the Social Credit party, the hon. member for Bow River, the hon. member for Cariboo and the hon. member for Lethbridge (Mr. Blackmore), and none of them gave any indication of whether they support this measure, which is designed to accelerate the construction of a highway across Canada. The only member who indicated that he intended to support the legislation was the hon. member for Winnipeg North Centre (Mr. Knowles).

I think the country and the house have a right to know where hon. members stand on this legislation. I therefore ask you, Mr. Speaker if you would be kind enough, when putting the vote, to call for the yeas and the nays.

Mr. Speaker: Those who are in favour of this motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it. Call in the members.

The house divided on the motion (Mr. Winters) which was agreed to on the following division:

YEAS

Messrs:

Applewhaite	Fraser (Peterborough)
Arsenault	Fraser (St. John's East)
Ashbourne	Fulton
Barnett	Gagnon
Batten	Garland
Beaudry	Gauthier (Lake St. John)
Bell	Gauthier (Nickel Belt)
Bennett	Gauthier (Portneuf)
Blackmore	Gillis
Blair	Gingras
Blanchette	Gingues
Bonnier	Goode
Bourget	Gour (Russell)
Bourque	Green
Brooks	Gregg
Bruneau	Habel
Bryce	Hahn
Bryson	Hanna
Buchanan	Hardie
Byrne	Harkness
Cameron (Nanaimo)	Harris
Campbell	Harrison
Campney	Hees
Cardiff	Hellyer
Caron	Henderson
Carrick	Henry
Carter	Herridge
Castleden	Holowach
Cavers	Houck
Coldwell	Huffman
Crestohl	James
Decore	Johnson (Kindersley)
Deschatelets	Johnston (Bow River)
Deslieres	Jones
Dickey	Jutras
Diefenbaker	Kickham
Dumas	Kirk (Antigonish-Guysborough)
Dupuis	Kirk (Shelburne-Yarmouth-Clare)
Ellis	Knight
Enfield	Knowles
Fairclough, Mrs.	Laflamme
Fairey	
Fleming	

Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leboe
Leduc (Jacques Cartier-Lasalle)
Lefrançois
Lennard
Lusby
MacDougall
MacKenzie
MacLean
MacNaught
Macnaughton
McBain
McCann
McCulloch (Pictou)
McGregor
McIlraith
McIvor
McMillan
McWilliam
Marler
Menard
Michaud
Michener
Monette
Montgomery
Murphy (Westmorland)
Nixon
Pallett
Patterson
Pearkes
Philpott
Pickersgill
Pommer
Poulin
Power (Quebec South)
Prudham
Purdy
Quelch
Ratelle
Rea
Regier
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robichaud
Robinson (Bruce)
Robinson (Simcoe East)
Ross
Rouleau
Rowe
St. Laurent (Quebec East)
Schneider
Shipley, Mrs.
Simmons
Sinclair
Small
Smith (Battle River-Camrose)
Stanton
Starr
Stewart (Winnipeg North)
Stick
Stuart (Charlotte)
Thatcher
Thibault
Tucker
Tustin
Viau
Villeneuve
Weaver
Weselak
White (Hastings-Frontenac)
White (Waterloo South)
Winters
Zaplitny—164.

NAYS

Messrs:

Hamilton (York West)
Howe (Wellington-Huron)
Nickle—3.

Bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*"Minister"*.

Mr. Green: Will the minister explain the present situation with regard to the route through the Selkirks?

Mr. Winters: I shall be very glad to do that, Mr. Chairman. I presume the hon. member is referring to an alternate route to the Big Bend between Revelstoke and Golden in British Columbia. The Big Bend is a long way around between Revelstoke and Golden. It follows the course of the Columbia river and as my hon. friend knows, because he said it before, there are several good sites for dams on that river and they bring with them the possibility that some of the present highway might be drowned out if the dams are built. It therefore seems expedient to find a more direct, or at least an alternate, route through the mountains between Golden and Revelstoke. Both the provincial government and the federal government have been looking very carefully at Rogers pass, which seems to be a feasible route.

I am well aware that there are interests in British Columbia which feel that another route has possibilities, the route known as the Jumbo pass which goes from Mount Eisenhower on the east, I think, southward and then up to Revelstoke on the west. It is a much longer route than the Rogers pass, but I believe the provincial government is conducting some investigations into it at the present time. That is pretty much the situation at the moment.

I have been in touch with the minister of public works in British Columbia on a number of occasions recently in relation to this matter, and we have exchanged correspondence. I asked him yesterday in a telegram what his views were on the matter. He stated in a reply which contains other information as well that preliminary studies indicate the Rogers pass may be the route to be chosen but that he wished to do more investigating of the Jumbo route before he made that a final decision. I have told Mr. Gaglardi that I believe the Rogers pass has much to commend it, and if the British Columbia government decides that is to be the route we will give very favourable consideration to it.

Mr. Herridge: Mr. Chairman, I would like to ask the minister a question or two on this location because it is of particular interest, as the minister knows—

The Chairman: I am sorry to interrupt the hon. member but may I interpose here. If his question is one as to route, might it not more appropriately be asked under clause 2 which is the operative clause? You will note that clause 1 deals with a matter of interpretation.

Mr. Herridge: I shall do that, Mr. Chairman.

Clause agreed to.

On clause 2—*Limitations.*

The Chairman: The hon. member for Kootenay East.

Mr. Herridge: Kootenay West, Mr. Chairman; there is a difference.

An hon. Member: Fortunately.

Mr. Herridge: As the minister knows, I raised this question when the resolution was under discussion. Quite a large number of people in southeastern British Columbia are concerned about a thorough investigation of the Jumbo pass route, which they are of the

opinion has not taken place to date. I was very pleased to read a newspaper report in which the minister was quoted as saying that no decision on any route would be made until all routes had been thoroughly investigated. Was that report correct?

Mr. Winters: Mr. Chairman, I have no recollection of making any such statement. I think my hon. friend knows that the determination of the route is the responsibility of the provincial government and of course is subject to our approval. As I have just said now in reply to the hon. member for Vancouver-Quadra, if the provincial government chooses Rogers pass—and I indicated that they say that may be the pass chosen—then we will give it very favourable consideration.

Mr. Herridge: Mr. Chairman, another question. Is it correct that the minister has had his federal engineers investigating the Rogers pass route?

Mr. Winters: The federal engineers have made a walking survey through Rogers pass. We have not done a detailed survey but we have participated financially, as we are authorized to do under the terms of the agreement with the government of British Columbia, in a more detailed survey which I understand they are making.

Mr. Herridge: Mr. Chairman, my further question is why, then, would the minister not co-operate with the provincial government in making a further survey of the Jumbo pass route before a decision is made?

Mr. Winters: We are quite willing to co-operate with anybody who asks us to co-operate with them within the terms of our statute. We have not been asked to participate in a detailed survey of Jumbo pass. I personally hope regardless of what surveys are to be carried out we can at an early date come to a decision about what the route should be through the mountains of British Columbia.

Mr. Green: Mr. Chairman, I should like to pursue this point a little further. I am very doubtful whether the minister realizes just how serious and difficult a problem this is. In the first place there have been many millions of dollars spent by the dominion on the Big Bend highway. I think half that highway was built by the dominion exclusively, without any money being put in by the province, and the other half was paid for on a fifty-fifty basis. I may be wrong in that, but certainly in the thirties and forties the dominion government put many millions of dollars into the Big Bend highway.

While it is probable that there will be a dam at Mica creek at the northern tip of the Big Bend, that of course would not flood out the whole of that highway. The minister can correct me if I am wrong, but I believe only the eastern half of the highway would be affected. It seems to be most indefinite as to whether the highway will be flooded or the extent to which it will be flooded.

Are the dominion and the province planning to abandon that highway? Have the dominion and the province decided that the Big Bend highway must be abandoned? If that is so, then they have gone a good deal further to reach agreement than they have in working out a joint plan for the development of power which could be made available at Mica creek. They seem to be getting ahead very slowly with regard to any program for the development at Mica creek.

The Rogers pass route, while shorter, has a history of disaster from snowslides so serious that the Canadian Pacific Railway Company abandoned that route after many lives had been lost and much equipment destroyed. They built the five-mile Connaught tunnel, perhaps the longest tunnel in Canada, at great expense during the first great war or immediately thereafter simply to avoid using Rogers pass. It may look like a good idea to put a highway through that pass, but the fact is that it is about the worst snow area in southern British Columbia. The snow belt continues beyond the pass right down to Revelstoke. I doubt the wisdom of the dominion agreeing to a road through that pass without having more than what the minister has just described as a walking survey. Apparently he had two of his engineers walk through that pass in the summer.

Mr. Winters: The hon. member did not listen. I said there was a more detailed survey.

Mr. Green: There is a detailed survey as well? I have no doubt those engineers have reported that many miles of snowsheds will be required. I am very doubtful whether it will be possible to keep that road open in the winter.

The Jumbo pass is further to the south, and a road through this pass would go through the Kootenay national park for quite a long distance. There is already a good highway there. I urge the minister to have his own engineers make a survey of that pass, either jointly with the provincial government engineers or as a venture of the dominion alone.

It is obvious that this highway is not going to be completed for some length of time, no matter which of the three routes is followed. It would be far wiser to get the most complete surveys possible before actually making a final decision. To go ahead now and accept

the Rogers pass route and then four or five years from now, after many millions of dollars have been spent, find that route would have to be abandoned for highway purposes, would not seem a wise thing to do. If the road is put through that pass and an attempt is made to keep it open in the winter I have no doubt that many Canadians will lose their lives from snowslides as the years go by. I do urge the minister to take steps to have a proper survey made by his own officials at an early date, and certainly before making any definite commitments.

Mr. Herridge: Mr. Chairman, I just want to support briefly what the hon. member for Vancouver-Quadra has said without repeating his argument. I am quite confident that unless further investigation is made a decision is going to be made as between these two routes without sufficient information to warrant a decision. The provincial government has had a walking survey made of the Jumbo pass route. The report has not been made public but quite often things that have not been made public are let out. I understand that there was a favourable report by the engineers in question. This is just hearsay, but sometimes there is quite a lot of truth in hearsay.

The information is that a walking survey was made from Duncan lake to Windermere under poor weather conditions, during which some camp supplies were lost and that sort of thing. That would be quite insufficient to permit anyone to have accurate knowledge of the topography and the suitability of the route for a road. I do support the hon. member for Vancouver-Quadra in his urging of the minister to make certain, by co-operating with the provincial government, that a thorough survey of that route is made. This will be a most important decision to be made because whichever route is accepted it will cost a great deal of money. We in British Columbia believe that the situation merits a thorough survey being made of both routes before any decision is made by either the provincial or federal governments.

Mr. Byrne: Would the minister consider the advisability of the highway going south from Golden to Windermere and then through the Jumbo pass to Revelstoke? Has that ever been suggested by the minister of highways for British Columbia?

Mr. Winters: The situation is that the determination of the route is the responsibility of the provincial government. I shall inform the minister of highways of British Columbia of the advocacy of the hon. member for Kootenay West and the hon. member for Vancouver-Quadra of the Jumbo pass route and tell him that they believe it has great merit which he should consider.

The fact of the matter is that if the road is to go through Jumbo pass from Mount Eisenhower in the east to Revelstoke in the west we will have to give consideration to what highway has been built already between Golden and Mount Eisenhower. The provincial government has done a considerable amount of work between Golden and Leanchoil, and the federal government has done a considerable amount of work in the national park east of Leanchoil.

If we are to consider that portion to be part of the trans-Canada highway and that the route will go south from Golden through Jumbo pass to Revelstoke, then we have these mileages. The Big Bend route would be 196 miles. We have made no agreement nor given any undertaking that the Big Bend route is going to be abandoned. The Rogers pass route is 88 miles, just over 100 miles shorter. The Jumbo pass route is 234 miles. Hon. members can see the mileages that confront us in making a decision of this kind. I say to my hon. friends that we are not in a position to make a decision on this matter or to approve any route, and will not be, until we have a final and firm recommendation from the government of British Columbia.

Mr. Quelch: Surely the minister is not suggesting that if the route follows the Jumbo pass it would go around by Golden, because that would be going away out of your way.

Mr. Winters: I was not suggesting anything; I was simply replying to the question asked by the hon. member for Kootenay East.

Mr. Byrne: Has the minister of highways of British Columbia ever indicated to the department during the past several years that he was giving consideration to altering the route of the highway through that area?

Mr. Winters: I am not quite clear that I know what the hon. member means. The present route is the one designated by way of the Big Bend highway. I presume the question is whether he has given any indication that he would like to alter the route.

Mr. Byrne: Yes. The telegram today is very opportune, but over the past several years has there been any indication?

Mr. Winters: There have been indications that the government of British Columbia would like to find an alternative route to the Big Bend highway.

Mr. Herridge: Before this subject is terminated I should like to point out to the

minister and the committee that the suggestions made by the hon. member for Vancouver-Quadra and myself are not our suggestions. They are suggestions made as the result of a reconnaissance survey of the route by a qualified engineer and other persons who know the topography very well. We are representing the wishes of the great majority of members of all parties in south-eastern British Columbia, of boards of trade, chambers of commerce, farmers' interests, in fact all representative community organizations that a thorough survey of the Jumbo pass route be made before a final decision is reached.

Mr. Hanna: Mr. Chairman, we have heard a discussion in the past few minutes about the almost impossible job of constructing the trans-Canada highway to reasonable standards through and west of the Kicking Horse pass. We have even seen the hon. member for Calgary South vote against this bill although it is proposed that the highway will go through the city of Calgary. We have heard the hon. member for Edmonton East make pleas in the house on several occasions that the trans-Canada highway be routed through the city of Edmonton and the Yellowhead pass, which is a much more feasible proposition by any standard than the route through the Kicking Horse pass and then westward through that most difficult country that we have heard described here by members representing that particular part of Canada. I presume they know of what they speak.

Therefore I should like to ask the minister if he would please tell the house how he came to make the obvious or apparent error of choosing the present route, which apparently is not finally settled yet, and I should also like to ask him whether he will not consider, even at this late date, changing the route so it will go through the city of Edmonton and through the comparatively low and easily graded Yellowhead pass to Kamloops and on to Vancouver?

Mr. Winters: Mr. Chairman, while not commenting on whether or not the present route is in error, I must say that the decision to have the route go through the Kicking Horse pass was made in the first instance by the provinces of Alberta and British Columbia. With respect to whether or not we can change at this stage and go through the Yellowhead pass, I think my hon. friend need only review the discussions and correspondence of the past to see what my answer must be on that.

Mr. Byrne: Perhaps my question was not plain enough. What I want to know is whether the minister of highways ever suggested that he was going to abandon the Kicking Horse pass route. To be more specific, I realize that in doing so he would have to abandon the section from Golden to Mount Eisenhower.

Mr. Winters: I have no recollection of any such suggestion.

Mr. Fulton: Let us keep the record straight. None of the discussions involving an alternative as between Jumbo pass, Rogers pass and the Big Bend route in any sense involved abandonment of the Kicking Horse pass, so the hon. member for Kootenay East is asking a question that has no relation to the discussion that has been taking place.

Mr. Byrne: I do not quite see the hon. member's argument. Abandonment of the Kicking Horse pass would certainly mean that Golden would not be on the route. To abandon the Kicking Horse pass would mean that the route would go to Mount Eisenhower and then south to Radium and over the Jumbo pass. Therefore my question is whether the minister of highways has ever indicated that he wished to abandon that section of the highway and reroute it through Jumbo pass.

Mr. Philpott: I should like to add my views to the opinions from British Columbia. There is tremendous interest in the question of the route, and certainly it is my belief that the vast majority of the people of British Columbia would be very grateful to our federal minister if, before there is a final decision, he would make absolutely certain that a thorough study is made of both available routes, the Rogers pass route and the Jumbo pass route. That, as I take it, is what we have heard here today.

Mr. Hanna: I should like to ask the minister if the province of Alberta ever suggested that the route be through the Yellowhead pass. I should also like to ask him if the province of Alberta favoured the Yellowhead pass today, would he reconsider and possibly have the route changed to a more northerly one which is much more feasible from the point of view of grades and where there is much less snowfall.

Mr. Winters: The answer to the first question is no. I would think the second question would be regarded as a hypothetical one, and I do not think I should be called upon to answer it.

Mr. Nickle: If I may toss in a few words here, the hon. member for Edmonton-Strathcona has implied that perhaps my vote against the bill meant that I was opposed to the idea of a trans-Canada highway. May I set his mind at rest right away. I am strongly in favour of a trans-Canada highway. I am

strongly in favour of the present route of the highway which, after all, passes through a section of Alberta that offers to Canadians and tourists from outside Canada much more in the way of attractions than a more northerly route. There are also other reasons, of course, in favour of the present route adopted for the trans-Canada highway. When we voted against the bill we did so mainly for one reason.

Mr. Winters: Is the hon. member at liberty to comment on the reason why he voted in a certain way.

An hon. Member: Certainly.

Mr. Lennard: Why not? It was brought up by another member.

The Chairman: I might remind hon. members that, after all, we are in committee, and I think possibly the minister's point of order is well taken.

Mr. Lennard: What about the other member? Why not the same ruling for him?

Mr. Fleming: On the point of order, what the rule prohibits is reflection on a vote. It does not forbid an hon. member in committee explaining how he voted on second reading.

Mr. McIlraith: It does provide that he must be relevant to the section under discussion.

The Chairman: The hon. member for Eglinton perhaps forgets that we are also governed by the rule respecting relevancy. Discussion must be strictly relevant to the item or clause under consideration. Therefore I think the hon. member for Calgary South should confine himself to a discussion of this particular clause of the bill.

Mr. Fulton: Are you suggesting it is relevant when the hon. member for Edmonton-Strathcona mentions it but not relevant when the hon. member for Calgary South mentions it? That does not seem to me to be a correct application of the rule.

Mr. Fleming: It is quite evident that the hon. member for Edmonton-Strathcona was making a reflection on the vote of the hon. member for Calgary South. Surely the hon. member for Calgary South is properly entitled under those circumstances to rise and explain his vote.

The Chairman: Perhaps both the hon. member for Edmonton-Strathcona and the hon. member for Calgary South have had sufficient latitude in that respect and we can consider the incident closed. After all, we are dealing with the operative clause of the bill, and I think if we limit our discussion to the operative clause we will perhaps make much better progress.

[Mr. Nickle.]

Mr. Nickle: Mr. Chairman, dealing with the operative clause of the bill, my criticism is that it simply involves too little and too late, and that explains why—

An hon. Member: Careful.

Mr. Nickle: —my colleagues and I voted against the bill. We feel that the federal government's action with regard to the trans-Canada highway should be much more constructive and on a larger scale than what is involved here. We also feel that the deadline for the completion of the highway should be set well ahead of 1961. There will probably be some amendment to the wording of this particular section of the bill, and I will await it with considerable interest.

Mr. James: Would the minister care to comment on the latest developments with respect to the route of the trans-Canada highway in the Peterborough area? Does it by any chance happen to hit a corner of Durham county—I hope?

Mr. Winters: I know of no change of route.

Mr. Johnston (Bow River): Mr. Chairman, I just want to say a word about the location of this highway. I myself, as have most other hon. members, have travelled over those three routes or I have travelled nearly all three routes. I have been over the Big Bend on many occasions. I think the engineers are very well acquainted with all the difficulties in constructing a highway around that long turn in that area. Then too I have been part way around the Jumbo section. I think most hon. members are forgetting that if the route—and I am not now arguing which way it should go—went through the Jumbo pass there would have to be a tunnel about half a mile long.

Mr. Winters: Three miles.

Mr. Johnston (Bow River): Two miles?

Mr. Winters: Three miles.

Mr. Knowles: He is raising the ante.

Mr. Herridge: That is what no one knows, Mr. Chairman.

Mr. Johnston (Bow River): Just a minute. That tunnel is going to entail a big expense. As the minister pointed out, that route is 131 miles, I think he said, or something like that whereas the one going across from Golden to Revelstoke is only 81 miles. I am sure the provincial government, with the co-operation of the federal government, is taking all these matters into consideration. With the advice of their engineers who are experts in this line I think the decision will be a much more proper one than that of some of the members here who are giving voice to

their desires and who do not know much about engineering. After all, this is an engineering question, and it is one which the government of British Columbia has said that they are having thoroughly gone into. They have made a survey of the Jumbo pass.

Mr. Herridge: No.

Mr. Johnston (Bow River): Yes.

Mr. Herridge: With a pack horse and an aneroid.

Mr. Johnston (Bow River): You do not know anything about it. If you did, they would have made you their engineer, I suppose. I am sure I would rather trust the decision of the engineers of the federal government and of the provincial government than that of the hon. member for Kootenay West or of the hon. member for Kootenay East either. I think that is the most reliable way in which the decision can be made in this regard, and I think the federal government and the British Columbia government will make the proper decisions in view of the advice they are given by their engineers.

Mr. McIvor: There has been a change in route which to me is more important than the Kicking Horse pass route or any of the others up there, and more important to Ontario and to the lakehead. When the trans-Canada highway was built to Nipigon it was decided to turn to the left and go off to Geraldton and Little Longlac and along to Hearst and a good road has been built. The reason that road was chosen was that there were feeder towns to get the highway going. I would ask the minister this question. As the highway has been changed again and has gone to Schreiber, Terrace Bay and Marathon and will go on to Sudbury, is that the definite route? We at the lakehead will support him thoroughly in that new route.

Mr. Winters: As I said earlier, Mr. Chairman, the Ontario government has now recommended that it be one of the roads they propose to build in that area. They propose to build northward from Thessalon and also to build northward from Sault Ste. Marie. From the letter I understand it is the one northward from Sault Ste. Marie to which they will ask us to contribute. If that is the case I see no reason why we cannot contribute.

Mr. McIvor: That will be very popular at the lakehead and very important to Ontario.

Mr. Fulton: I want to say a word or two with regard to this matter of the route through the Rocky mountains. I am afraid we are in some danger of getting back to the position we were in before there was ever a trans-Canada highway agreement. I have always held the view that one of the reasons we have been delayed in getting on with the trans-Canada highway, or one of the reasons we were so late in starting, was first the apathy of the government and second the fact that they were encouraged or it was made attractive to them to sit back and say, "We cannot do anything because you people out there cannot even agree on the route".

I am satisfied that the controversy and conflict of opinion as to the route of the one trans-Canada highway that went on out there for a number of years gave this government the excuse to sit back and do nothing. I think it would be a great pity if we were again to get into that area of controversy. I believe what we must concentrate on is the fact that there is to be a trans-Canada highway and that there should be not just one. There should be, in our view, a national system of highways.

That is what we should press for, namely an adequate and proper highway policy by this government rather than bickering over which is to be the route of the one road which has so far been agreed on or which so far is the only one which this government has agreed to have any part in. Let us concentrate on getting a system of national highways, not fighting over the route of one highway. Let us keep after the federal government to have an adequate highway policy, not make it easier for them to sit back and do nothing because people out in the area that has just been under discussion are fighting over what should be the route. We should have more than one highway. There is no question about that. It is the obligation of this government to take the steps to make it possible to continue the road.

As a matter of fact I sometimes wonder whether there has not been more heat than light generated here. As I understand it the Big Bend is still the designated route. I wonder whether we should not concentrate on getting it started at least from Revelstoke north to where it would not be subject to flooding and, in the area where it might be subject to flooding, contemplate the possibility of putting it higher up, something which I understand is quite feasible, so that even when the Mica creek project is built it will not be a detriment to that road.

I am sure that the one thing this government here would welcome is to get Alberta and British Columbia into a fight, and to get the members from Alberta and British Columbia into a fight. Then they could say, "There you are. We are always willing to do our part but they cannot agree on what should be the route". Let us not give the minister an alibi. Let us keep our eye on the objective,

which is that this government must take the steps necessary to get at least one trans-Canada highway built, and then press on from there to insist that the government must accept its responsibility with respect to national highways generally.

Mr. Herridge: I should like to correct my friend the hon. member for Kamloops. We are not fighting over routes. The people of the Kootenays and the interior are most peaceably inclined. What we are asking for is that the facts be obtained before decisions are made. I was glad to hear the minister say that he would bring the representations of the members tonight to the attention of the minister of public works in British Columbia.

Mr. Brooks: Mr. Chairman, in case we may get the idea that this is a trans-British Columbia road instead of a trans-Canada road, I should like to ask a question with reference to what I suppose will be the most beautiful section of the trans-Canada highway, namely the section along the Saint John river in New Brunswick. I should like to ask the minister whether the route along the Saint John river has been definitely decided for the trans-Canada highway? If such is the case, I should like to ask whether it is to be on the east or the west side from Edmundston to Fredericton, and whether it will involve the building of a bridge across the Saint John river. If so, what portion of the cost of construction of the bridge would be paid by the federal government?

Mr. Winters: We have had discussions between our officials, and the route of the highway is fairly well determined. There are some places where I understand we have yet to make final determination. It has not yet been finally determined as to what the gap section will be in New Brunswick. Until that matter is determined I am not in a position to say whether the federal government will pay 90 per cent of the cost of the bridges or 50 per cent of the cost of the bridges. My hon. friend can be assured that we shall not be paying less than 50 per cent on any bridge on the trans-Canada highway route. I expect that very soon the route will be finally determined. We are having no difficulty in that respect, and it will be included in the schedule which will be attached to the agreement which we shall be shortly sending to the government of New Brunswick for its approval.

Mr. Brooks: This may be a hypothetical question, but I know there are a number of bridges to be built. Could the provincial government ask for assistance in the sections with those bridges as long as they amounted to five miles, and would 90 per cent be paid in the event that it was chosen where the bridges were to be built?

Mr. Winters: Yes, if they are bridges included as part of the gaps, then the federal government will pay 90 per cent of the cost of the bridges too.

Mr. Brooks: Would that include the bridge across the Saint John river?

Mr. Winters: If it is included as part of a gap on the trans-Canada highway.

Mr. Hamilton (York West): Mr. Chairman, I have a feeling that the further one is down on this side the stronger should be the springs with which these seats are equipped, so we can be sure we are able to rise at least four or five times before we get the opportunity to speak.

Before going on, I might say that I noticed from reading the blue copies of *Hansard* that in the cold light of the written word it might be inferred that I had cast some reflection on Mr. Speaker's ruling this afternoon in dealing with the speech by the hon. member for Broadview. I should like to assure the house that the remarks I made were, as I thought, on the humorous side, and there was no reflection cast on him.

In regard to clause 2, with which we are dealing now, I think there is a great question of principle involved. Probably, from the section from which I am speaking, it may be that I have looked at this principle a little differently from others. At the risk of repeating to a certain extent what I said this afternoon I should like to say again that you can go broke buying bargains. I think that is the position the minister is putting the province in, as regards this section.

It is absolutely useless to say to any of the provincial jurisdictions, "We are prepared to match certain dollars that you put up," if in fact those jurisdictions do not have the dollars to use. I think I said this afternoon that the collection of moneys by this government from those who would make use of these highways now totals almost a quarter of a billion dollars per annum, and all the money that has been spent by the minister on this project to date could be taken care of by one year's collections.

It is obvious, then, to me that if there is any hope of success, if there is any hope of reinstilling the pioneer spirit to which I referred previously, and which is going to be required to build this highway within 11 years, then something will have to be done about it. If you ran a company in this manner, if you took all the money and distributed it in some other way and did not put back

into the effort of your company the funds you had collected, in order to expand your facilities, then your company would not last very long. I feel today that if the government is going to continue to extract every last dollar from the motor driving public of this country and then not provide them with the facilities they could have, then our highway system is going to break down.

I might say that, if I have voted in a certain way, I intend to continue voting that way in connection with any further legislation this government proposes on the basis of matching dollar for dollar with some other jurisdiction. It is time these things were brought to a head. It is time we dealt with them on a basis of bringing all three parties to road construction together to determine how we will divide the road construction dollar, once and for all. It seems to me that is the only way we shall get this trans-Canada highway completed satisfactorily.

So I say it is not a case of whether or not we want this highway finished. It is a case of whether in principle this is the manner in which it should be done. Had I the opportunity, if I did not know that I would be ruled out of order, because I know a private member cannot propose an amendment which will increase the expenditure of the government in a case of this kind, I would have seen that an amendment was moved that this government assume all of the cost of finishing this highway from here on. It seems to me it is only right that it should.

(*Translation*):

Mr. Villeneuve: Mr. Chairman, I would not like section 2 of this bill to carry without making a few remarks.

May I first congratulate the hon. Minister of Public Works (Mr. Winters) and his parliamentary assistant (Mr. Bourget) for the way they have handled the debate on this resolution which nearly received the approval of all members of the house.

I find that, through this bill, the federal government wishes to improve the conditions which govern its contributions to the provinces towards the construction of the trans-Canada highway.

During the Godbout regime, the government of the province of Quebec, prior to 1954, had started to build part of the trans-Canada highway, called highway No. 9, more particularly between Quebec and Montreal. However, I have noticed that since that time, the government of the province of Quebec, on grounds of autonomy that I cannot understand, rejects all grants, although the people of the province of Quebec have to pay 2 cents more than their neighbours of Ontario for each gallon of gasoline they use.

Recently I travelled over that highway from Levis to Montreal, and found it in poor condition. In fact, on at least half the distance it is a gravel road or a partly paved road. I noticed, particularly in Lotbiniere county, stacks of heavy wire which was meant to be used as concrete reinforcement on that highway which was never completed. And I could not help thinking that these were the skeletons of the lack of co-operation between the present government of the province of Quebec and the federal government.

I wish that instead of telling Mr. Duplessis unkind things about his lack of co-operation, Quebec members of the opposition had at least pointed out to him the urgency of putting an end to his obstruction so that, at last, our province might have that highway for the building of which we are paying taxes while millions of dollars offered for that purpose by the federal government are being stubbornly refused.

I noted however that the hon. members for Chicoutimi (Mr. Gagnon) and for Beauce (Mr. Poulin) have been consistent enough to vote for the resolution. I take it that their vote may be construed as favouring the principle of federal provincial co-operation about the trans-Canada highway. Theirs is a far more consistent attitude than that of their provincial leader, and I feel that in deciding to refrain from seeking provincial co-operation, they probably feel, as we do ourselves, that the present government of the province of Quebec will administer that province for only a few months more.

I understand also that this lack of co-operation comes from the fact that, in some provinces and particularly in ours, the governments do not like to award contracts to the lowest bidder. In fact, I remember that one day, the right hon. Prime Minister of Canada (Mr. St. Laurent) said, at the Reform Club in Quebec, that if the federal government had not adopted the policy of awarding contracts to the lowest bidders, the Duplessis government would long ago have accepted money from the federal government to carry out that project.

In concluding these few remarks, I congratulate the government on further co-operating in the completion of the trans-Canada highway which will help Canadians to know themselves better and will improve their means of communication and at the same time their relations.

(*Text*):

Mr. Hees: Mr. Chairman, I hope when this government lifts itself out of its present

lethargy and decides to set an example to the provinces in getting this highway built by at least completing its meagre 83 miles in the national parks, and when we finally get this national highway built, it will give serious consideration to two things; one, participating with the provinces in properly maintaining this highway and not just handing it over to the provinces and leaving it to them; two, the building of a second route in the west from Saskatoon to Edmonton and on to the coast, which is badly needed.

Also, as the hon. member for Kamloops has suggested, once this national highway has been built and a possible second route built, I hope this government will give serious consideration to undertaking a national highway program. As one hon. member has just correctly suggested, this government will not be the government then. That is quite right. I hope the government of that time will give serious consideration to a national highway program in conjunction with the provinces which will open up our country and develop our tourist trade and our national resources, and make it possible to man adequately our defences.

Since the federal government will be the main beneficiary of the revenue which will accrue from the development of our national resources and our tourist industry through the medium of sales taxes and corporation taxes, there should be no reluctance on the part of the government to participate in such a program. Since our national defence is solely a federal responsibility, there should certainly be no reluctance on the part of the federal government to participate in the building of such highways.

I believe such a program should be considered an investment in Canada's future, an investment in our national development, and that it should not be paid for out of current revenue but by the issuing of long-term bonds. I feel sure that the people of Canada would be willing to lend the money needed to the federal and provincial governments to build such highways in order that our tourist trade and our resources may be adequately developed and our defences adequately manned.

With regard to this particular section, Mr. Chairman, in paragraph 3, subparagraph (b), the minister is given the right to decide the length of the highway, and he has also to decide which 10 per cent of that highway will be contributed to, to the extent of 90 per cent of the cost, by the federal government. We believe that the minister should have the right to decide on the length of the highway, but we believe that the provincial government should be given the right to decide which 10 per cent of the length of the highway in the province should be participated in to the extent of an additional 40 per cent by the federal government. Therefore I move, seconded by the hon. member for Kamloops (Mr. Fulton):

That section 2 of Bill 214 be amended by deleting paragraph (3)(b) thereof and substituting the following:

"The length of the highway in the province to be taken into account for purposes of paragraph (b) of subsection 2 shall be such as is approved by the minister and the particular portions thereof to be taken into account for such purpose shall be selected by the province."

Mr. Winters: Mr. Chairman, this is substantially the amendment that was moved when the resolution was being considered, and I was obliged at that time to say that the government could not accept it. My position is the same tonight. Under the legislation, and the agreement which will be pursuant thereto, it will be the prior role of the provincial governments to choose the locations they wish to have considered for the application of the gap formula; but their selection will of course be subject to the approval of the federal government. I do not expect that there will be any matters of great disagreement between the provincial governments and the federal government in the determination of the locations. I think the section as it stands gives the federal government no more than a proper opportunity to exercise the authority that I believe the taxpayers would expect it to exercise when dealing with amounts of money of the magnitude contemplated by this bill. The government is therefore unable to accept the amendment moved by the hon. member for Broadview.

Mr. Fulton: Mr. Chairman, the facility with which this government and the minister dodge from position to position is extraordinary. The minister takes the position on the one hand that the federal government is to be given credit for the fact that they conceived the idea of the trans-Canada highway program. Then when we say to him: "Well, why do you not get on with it?" he says, "Of course we can do nothing because the main responsibility for roads is with the provinces". Then we say to him, "But you have said that there is difficulty in getting the provinces to do what they should. We have explained to you why they cannot get on any faster than they are with the building, and we suggest that you assume a greater responsibility". Then he says, "No, we cannot do that. All we can do is call a conference of the provinces". He tells us of the number of conferences they have had and the efforts they have made to spur the provinces on to greater activity. He told us that this afternoon.

We now say, "All right; if that is your position and if this thing is a provincial responsibility, then give the provinces the right to determine what would be to their greatest advantage with respect to the selection of the route on which you now give them 90 per cent assistance". Then he turns around and says, "No, we cannot do that because the responsibility in this matter is that of the federal government". Which position is the minister going to take?

If in fact what is to be done is to give the provinces the opportunity and the encouragement to get on with this construction, why does he not do it? If on the other hand he is not going to give them that opportunity, why does he not take the other course we urge him to take and say that the federal government should have the full responsibility for this highway and not a paltry 10 per cent of its length? The minister is trying to straddle both positions and he is going to find, just as we forecast when this trans-Canada proposal first came up and we said it could not be completed within the time that was then set, that his present position of blowing hot and cold on the question of whose responsibility it is, and this refusal on his part to give the provinces the responsibility to get on with the job, will result in the trans-Canada highway not being finished by December 31, 1960, either.

If the minister conscientiously takes the position he has now taken that this is a matter where the dominion must keep control, that he cannot trust the provinces and cannot allow them to say which 10 per cent they will select for the receipt of 90 per cent assistance, then let him follow up the logic of that position and say, "Very well, the dominion government will assume responsibility for the whole thing".

I ask hon. gentlemen opposite who are going to be asked to make up their minds and vote on this amendment now before us which position they want to take. Do they want to take the position that it is a federal responsibility or a provincial responsibility? So far the theme of the minister's speech is that it is a provincial responsibility. If that is the case we urge hon. members opposite to be logical and support the amendment, and not find themselves placed in the hopeless and inconsistent position in which they would be placed if they were to follow the minister's lead and vote against the amendment.

Mr. Stuart (Charlotte): Mr. Chairman, in listening to the discussion this evening, in so far as irresponsibility is concerned the ones who would appear to me to be irresponsible are those who are suggesting the expenditure of additional funds which belong to the taxpayers of this country.

It is quite obvious to me that if any one of the ten provinces of Canada can make an agreement with this government whereby they have to pay only 10 per cent of the cost of any road, they will use every means in the world to have that road go just as far as possible. That is human nature. I believe that the stand taken by the minister is a most reasonable one. I have heard one suggestion made by an hon. member who spoke tonight. He suggested that the government did not allow sufficient time in which to complete the road. A few minutes later another hon. member of the same group suggested that the government wanted to delay the matter as long as possible. It would therefore appear that they do not get together in their arguments.

I for one feel we have a responsibility here as federal members. These fabulous suggestions as to the spending of the taxpayers' dollars must have some consideration. The hon. member who suggested that the federal government should pay the complete cost of the trans-Canada highway will be out on an economy program in the next election campaign. It does not make sense to me. I believe that we as federal members have a responsibility in this matter, and I believe we should not be spending the taxpayers' dollars any more freely than the provincial legislatures wish to spend theirs.

The Deputy Chairman: Is the committee ready for the question?

Amendment negatived: Yeas, 47; nays, 72.

Mr. Michener: Mr. Chairman, I would like to ask the minister what is his interpretation of clause (b) of subsection 2, where it refers to one-tenth of the highway. Is it his intention that it should be one-tenth of the highway in miles, or is it one-tenth of the cost?

Mr. Winters: It is one-tenth in miles, Mr. Chairman.

Mr. Michener: Perhaps the minister would help me with my understanding of clause (b) in subsection 3, which deals with this same one-tenth, I take it. It says:

> The length of the highway in the province . . . shall be such as are approved by the minister.

Is it the intention of that clause to have the minister's discretion extend to reducing the length below one-tenth of the highway?

Mr. Winters: No, it does not mean that, Mr. Chairman.

Mr. Michener: In other words, whatever the interpretation might be, the intention is that each province shall have 40 per cent of the cost with respect to 10 per cent of the length?

Mr. Winters: There is an additional 40 per cent over and above the 50 per cent?

Mr. Herridge: I should like to ask the minister one more question before this section passes. Has the minister at any time received any communications from the minister of highways of British Columbia that would indicate whether or not the government of British Columbia has made a decision with respect to the route between Mount Eisenhower and Revelstoke?

Mr. Winters: Well, Mr. Chairman, I received the telegram to which I referred and I also received a letter. These are the words in the telegram received from the minister of highways:

Preliminary studies indicate that Rogers pass may be the route to be chosen.

I understand, however, that no final determination has been made by the government of British Columbia.

Mr. MacLean: I should like to have some clarification as to how this clause will apply to Prince Edward Island, as I believe the application to that province might be slightly different from the application to other provinces due to the fact that the length of the highway in our province is so short. The total length of highway in Prince Edward Island is 74 miles and one-tenth of that would be 7·4 miles. That would mean that there could be only one gap in Prince Edward Island to which this 90 per cent formula could be applied, since a gap must be at least 5 miles in length. There being only 7·4 miles altogether that would mean that in the case of Prince Edward Island there would be one gap the length of which would be 7·4 miles. There would not be adequate mileage to allow for two gaps of 5 miles each.

That being the case, and in order that the intention of the amendment might be more properly understood as it applies to Prince Edward Island, I wonder if the minister would consider a slight amendment to paragraph (b) of subclause 2, and instead of the third line which reads:

—but any portion of the highway taken into account for the purposes of this paragraph shall be at least 5 miles in length.

I would suggest an amendment reading something like this:

—but not more than one portion of the highway taken into account for the purpose of this paragraph shall be less than 5 miles in length.

[Mr. Winters.]

That formula would give Prince Edward Island an opportunity to apply the principle to one section which would be 5 miles in length and to another gap which would take up the remainder of the 10 per cent of the total mileage.

Mr. Winters: Mr. Chairman, I can see what the hon. member has in mind. The total mileage in Prince Edward Island is 74, of which the gap would be 7·4 miles. We have discussed this point with the department of highways in Prince Edward Island, and I am told that it can apply to good advantage in its present form. I would not like to accept an amendment at this stage because of that understanding with the government of Prince Edward Island. If it is found that that is not the case then we will consider ways and means of solving that problem.

Mr. MacLean: There still remain two difficult gaps in the trans-Canada highway in Prince Edward Island which have yet to be closed. One is the Hillsborough bridge area, and one is the Pinette bridges. They are too far apart to be included in the one gap.

Mr. Winters: I shall bear in mind what the hon. member has said.

Mr. Michener: Having considered what the minister has said just now, and looking at paragraph (b) of clause 2, which reads in part:

—but any portion of the highway taken into account for the purposes of this paragraph shall be at least 5 miles in length.

Should not that be the total length? If it is not the total length and if it is limited to 40 per cent, then it seems to be inconsistent. I suggest to the minister that it would clear up the point if in paragraph (b) of subclause 3 the word "total" were inserted before the word "length".

Mr. Winters: We have discussed this with the Department of Justice and our own legal officers have drawn it up. They gave a considerable amount of attention to the wording. I would be inclined to think it is all right. I do not enjoy the privilege of being a lawyer; I am not one of that select group, but I have been told that it is all right.

Mr. Michener: I do not want to delay the matter, but it seems to me that total length is what is intended.

Mr. Zaplitny: Paragraph (a) of subclause 3 reads:

The cost to the province of the construction of the highway or any portion thereof shall be such amount as is approved by the governor in council.

That seems to be an arbitrary way for this government to decide what the cost to

the province will be, because it makes no reference to the actual cost. What would be the situation if a dispute arose between the province and the federal government with respect to what was the actual cost? I imagine the basis of settlement would be the actual cost, but the way this clause reads it would simply be as approved by the governor in council without any reference to the actual cost.

I should like to ask this specific question. What would be the situation if a dispute arose between a province and the federal government with respect to the actual cost of the highway?

Mr. Winters: Mr. Chairman, on that particular point there is no change from the existing statute. It is a matter of determination by the governor in council now, and there has been no dispute. I do not anticipate any dispute, because it is a matter which is readily determined. If there were a dispute I think it would be simply a matter of discussion or if necessary some sort of arbitration, but I do not anticipate any trouble.

Mr. Leboe: I wonder if the minister would care to enlarge upon paragraph (b) of subclause 2 regarding the 5 miles in length. I am wondering just why that is in there. Why do they want it 5 miles instead of 4 or 3? There are some sections of the highway in British Columbia which might be most difficult to construct for a short distance, and then there might be parts of the gap to be filled in that would be a lot less than that.

Mr. Winters: When I was making my statement on the motion for second reading I said that this exercise is one to complete highway mileages. It seemed to be the general agreement of all parties that we should come to grips with long sections of the highway and not simply deal with bits and pieces here and there which would not really achieve the construction of mileage. Five miles was taken as what we thought the minimum should be that would result in the construction of mileage and still constitute a gap.

Mr. Goode: Has the provincial government of British Columbia suggested to the minister that the western terminus of the trans-Canada highway be at Vancouver, or has there been any suggestion made to him that the trans-Canada highway should carry on to Horseshoe bay.

Mr. Winters: There has been no suggestion that the western terminus should be anything but Victoria, where it is now.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: We shall take estimates tomorrow, public works and agriculture.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

IMMIGRATION EMPLOYMENT SERVICE

Question No. 374—**Mr. Knight:**

1. Is there an employment service in connection with the department of immigration?
2. If so, what service does it render as apart from the service of the national employment service?
3. In what Canadian cities has it offices?

Answer by: **Hon. J. W. Pickersgill (Minister of Citizenship and Immigration):**

1. No. The immigration branch of the Department of Citizenship and Immigration, as part of its regular functions, endeavours to place in employment immigrants who have been selected by immigration officers abroad for open placement, that is those who are not coming to specific employment or sponsors in this country.

2. The immigration branch provides a close liaison between prospective employers and immigrants who, owing to language difficulties and unfamiliarity with Canadian customs and working conditions, require individual help and counsel in finding their first jobs. With a view to the long term development of the Canadian economy, the immigration branch follows up cases of individuals who may be able to establish themselves on farms or in small businesses by providing counsel respecting opportunities available.

3. These services are provided in all the important immigration offices.

ROYAL COMMISSION ON BROADCASTING—PREPARATION OF BRIEFS

Question No. 394—**Mr. Diefenbaker:**

1. Has the Canadian Broadcasting Corporation prepared information kits for the purpose of assisting organizations preparing briefs to be presented to the Fowler royal commission on broadcasting?
2. If so, what documents and papers are included in the said kits?
3. How many of such kits have been prepared, and at what cost?

Answer by: **Hon. J. J. McCann (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

1. It has not prepared information kits for the purpose of assisting organizations preparing briefs for the royal commission on broadcasting. It has continued a long-standing practice of dealing with serious requests for background information about broadcasting in Canada by providing copies of existing documents. The list of copies on hand for this purpose is changed from time to time according to requests coming in. Where a wide compilation has been requested and provided it has been referred to as an "information kit".

2. The current list of copies on hand for this purpose is: The Aird report; special committee on radio broadcasting, 1932—final report; special committee on the Canadian radio commission, 1936—final report; Canadian Broadcasting Act; C.B.C. bylaws; This is the C.B.C.; Canada Speaks to the World; History and Development of National System; C.B.C. Annual Report, 1954-55; list of broadcasting stations in Canada, 1955; list of television stations in Canada, 1955; special committee on broadcasting, 1955—final report; initial C.B.C. presentation before parliamentary committee, 1953; initial C.B.C. presentation before parliamentary committee, 1955; terms of reference, royal commission on broadcasting; press release, royal commission on broadcasting; political and controversial broadcasting, policies and rulings; C.B.C. regulations for sound broadcasting stations; interview with chairman, C.B.C. board of governors on "In Reply"; chairman's address to C.N.E., September, 1955; chairman's address to Montreal Canadian Club, January, 1956; television and business in Canada, by Davidson Dunton; C.B.C. Times; Le Reseau Francais; Ici Radio-Canada; Radio-College; a few facts about the French network; Canadian television—a calendar of events; extracts from the report of the royal commission on national development in the arts, letters and sciences; statement by R. M. Fowler, chairman, royal commission on broadcasting.

3. Three complete sets of the above list have been requested and provided in the past six months, and about 100 other wide compilations from the list. There has been no ascertainable cost, since the compilations have been made up of copies already on hand, apart from 44 cents for each of the folders in which some have been supplied.

LOBSTER FISHING, N.B.—EXTENSION OF SEASON

Question No. 403—**Mr. Bell:**

1. Have any extensions been made to the lobster fishing season dates in the different areas in New Brunswick in the last five years?
2. If so, what were the extensions and what effect have they had on conservation?

Answer by: **Mr. MacNaught, Parliamentary Assistant, for the Minister of Fisheries:**

1. Yes.

2. (a) Lobster districts No. 1 and 2—off Charlotte and Saint John counties including Grand Manan and islands. Original split

season—(November 15-January 15), (May 1-June 24). Changed in January 1956 to November 15-June 24.

(b) Lobster district No. 3—at head of bay of Fundy off Albert county. Original season—January 15-July 20. Changed in November 1952—(November 1-December 31), (March 1-July 30). Changed in September 1955—(October 15-December 31), (March 1-July 20).

Lengthening of these seasons has had no effect on conservation. Each year there are only available a certain number of lobsters above the legal size limit. If conditions for fishing are favourable most of these are taken in the first six weeks or two months of the season. Expanding the season merely gives opportunity for fishing over a longer period. As long as the size limit is enforced, the conservation of the species is not endangered.

IMMIGRATION STATISTICS, 1955

Question No. 410—**Mr. Pommer:**

1. How many immigrants entered Canada during 1955?
2. From what countries, and how many from each country?

Answer by: **Hon. J. W. Pickersgill (Minister of Citizenship and Immigration):**

1 and 2.

	Questions
Australia	1,400
Austria	2,871
Belgium	1,751
British West Indies	793
Central America	31
Ceylon	28
China	1,918
Czechoslovakia	30
Denmark	1,339
Egypt	68
Finland	581
France	2,869
Germany	17,630
Greece	2,856
Hong Kong	710
Hungary	187
India	224
Ireland	1,038
Israel	233
Italy	19,139
Japan	120
Lebanon	335
Luxembourg	61
Malta	336
Mexico	78
The Netherlands	6,759
New Zealand	300
Norway	714
Pakistan	50
Poland	113
Portugal	1,136
South America	1,654
Spain	116
Sweden	464
Switzerland	879
Syria	23
Turkey	17
Union of South Africa	265
U.S.S.R.	4
United Kingdom	29,382
United States	10,395
Yugoslavia	367
Other African	215
Other Asian	66
Other European	73
Others	328
Total	109,946

HOUSE OF COMMONS

Friday, April 20, 1956

The house met at eleven o'clock.

ATOMIC ENERGY

PERSONNEL OF COMMITTEE ON NON-MILITARY RESEARCH

Mr. W. G. Weir (Portage-Neepawa) moved:

That pursuant to the resolution of the house passed Wednesday, April 18, the special committee on research consist of Messrs. Bourget, Brooks, Byrne, Coldwell, Dickey, Forgie, Green, Hahn, Hardie, Harrison, Hosking, Leduc (Verdun), MacLean, McIlraith, Murphy (Lambton West), Power (St. John's West), Richardson, Stewart (Winnipeg North), Stuart (Charlotte), and Weaver.

Motion agreed to.

ORDERS IN COUNCIL

STATEMENT AS TO NUMBER OF SECRET ORDERS STILL IN EFFECT

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on Wednesday last I answered orally question No. 326 asked by the hon. member for Prince Albert (Mr. Diefenbaker) concerning orders in council passed since January 1, 1955. Later on the orders of the day the hon. member for Winnipeg North Centre (Mr. Knowles) asked me whether I could say if any, and if so how many, secret orders in council passed prior to January 1, 1955, are still in effect.

I stated then that I would take the question as notice, because I did not remember that there were any and that I would have a check made. I have had that check made and I wish to say that there are none in effect at the present time. The one I referred to in the house on March 26, 1953, depended for its validity upon the Emergency Powers Act; and when that act expired the order in council ceased to have any force or effect.

Mr. J. G. Diefenbaker (Prince Albert): May I ask a supplementary question? How many orders are there that have not been published and what is the difference between an order in council that is not available for publication and a secret order in council? What is the distinction between them?

Mr. St. Laurent (Quebec East): Orders in council that are published are those that are required to be so published under the Regulations Act. The others are summarized and the summary is tabled, I think it is each month. If any order that is not published is asked for and is not a secret order, it is available to those who ask for it. The publishing of all the orders in council and all the treasury board minutes would, I believe, be a very voluminous and costly undertaking. I think it was on the hon. member's suggestion that this summary of orders in council was made available, and that has always been made available.

I do not know of any question that has arisen about any order. I explained, in answer to the hon. gentleman's question, that there were some orders which we felt, in delicacy to other countries whose affairs were concerned, it was preferable not to make public but arrangements could be made to allow them to be seen confidentially by any hon. member who was interested.

Mr. Diefenbaker: It was of those I was inquiring. I am not asking for publication of all and I know what the arrangement was. How many are there of those orders in council to which the minister referred at the end of his last statement? How many are there that, because of their delicate nature or because of their relationship with other countries, are not publicly available and are only available confidentially to those members who ask for them?

Mr. St. Laurent (Quebec East): I believe I would have to make a personal examination of the orders to ascertain that. We endeavour to avoid any suggestion that we are trying to keep any orders in council secret, so if any order is asked for and if the officials find it would come within that category, they would probably mention it to me and I would try to make it available if it were at all possible to do so without creating suggestions of discourtesy to other governments.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Prime Minister arising out of his answer to me regarding secret orders in council passed prior to January 1, 1955. I understood from what he said this morning that none of these is still in effect. Can he tell the house what happened to order in council P.C. 3486 of July 4, 1951? That was a secret order in council which I am sure the Prime Minister will recall. Was it repealed, was it spent or what happened to it?

Inquiries of the Ministry

Mr. St. Laurent (Quebec East): My memory is not sufficiently faithful for me to be able to remember by number an order and what it contained, but I will have a look at it and if the hon. gentleman wishes to have the information as to how it ceased to be in effect, I will try to get it for him.

INDUSTRIAL RELATIONS

PROVISION FOR CONTINUATION OF CERTIFICATION OF UNIONS

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): I promised to answer this week a question asked by the hon. member for Winnipeg North Centre (Mr. Knowles). The question was as to whether steps will be taken for the continuation of all certifications under the Industrial Relations and Disputes Investigation Act, regardless of changes of union name that may result from the merger of the two congresses. While some aspects of this matter are still under consideration by my department, I can make the following reply.

If all that is involved is a change in name arising out of the merger, and no change in the union entity is involved, it is considered that this matter of a change of name can be dealt with without difficulty under the existing provisions of the Industrial Relations and Disputes Investigation Act by application of the interested union to the labour relations board for an amendment of the order of certification.

There is, however, a further question which arises as to the status of local unions directly chartered by either of the two labour congresses which have been certified as bargaining agents under our act.

It is planned, I understand, by the new congresses to have new charters issued by the new congress to these congress chartered local unions. The question has been raised as to whether the procedure which the new congress proposes to follow will have the effect of extinguishing the entity of the original union and the establishment of a new union in place thereof, or whether the entity of the old union will be preserved under a new name. This is the point which is still getting consideration.

However, my officials advise me that this matter raises no problem of any consequence under our federal act as there are only 15 of these congress chartered unions which have been certified under the federal legislation. The view of my officials at this time is that this matter is not one which will require legislation, but I will report on this point later.

[Mr. Knowles.]

I should add that this situation raises a larger and more serious problem in the case of some of the provincial boards where many certifications have been issued to such unions.

NATIONAL DEFENCE

SASKATOON—REQUEST FOR CONTRIBUTION TO COST OF DRAINING SLOUGH

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I should like to ask of the Minister of National Defence or, in his absence, his assistant, a question of which I sent him notice yesterday.

To what extent is the Department of National Defence prepared to contribute to the draining of that unhealthy slough, known as Hudson bay slough, adjoining the R.C.A.F. property outside of Saskatoon?

Mr. P. T. Hellyer (Parliamentary Assistant to the Minister of National Defence): Mr. Speaker, I cannot say whether the department is prepared to contribute or not but I can say that this matter has been under consideration for a considerable length of time and as yet no decision has been reached.

Mr. Knight: May I ask a supplementary question? Is the parliamentary assistant aware that the existence of that slough is largely owing to the fact that the run-off and the drainage that are coming down are from the R.C.A.F. residential property and the training field?

Mr. Hellyer: No, I was not aware of that fact, Mr. Speaker.

CITIZENSHIP AND IMMIGRATION

REQUEST FOR ASSISTANCE TO LANDED IMMIGRANTS RETURNING TO BLENHEIM, ONTARIO

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Will the minister's officers at Niagara Falls accord every assistance for the return of the 12 residents of Blenheim who appeared on television in New York? Nine of the 12 are landed immigrants. The reason for the request is to ensure that no immigration obstacle will prevent them from returning to be married simultaneously as planned.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, since there are 12 people involved here, perhaps I can transgress the ruling that you have made and say that it gave me the greatest possible pleasure to give each one of those individuals a letter signed by myself which I am sure the immigration officer will take account of when they return.

TRANSPORT

ST. CLAIR RIVER—INQUIRY AS TO SINKING OF ORE CARRIER

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to direct a question to the Minister of Transport. Radio reports this morning indicate that an ore ship has sunk in the St. Clair river and will probably block navigation. Can the minister give the house a report on the incident?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I am among the few members of this house who do not listen to the radio in the early morning. I may say I use my time for more profitable purposes.

Mr. Knowles: What do you have for breakfast?

Mr. Marler: I am sorry to say, Mr. Speaker, that I am unable either to confirm or deny the report the hon. member has just mentioned. I shall have to make inquiries about it.

PATENT ACT

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Secretary of State if he is in a position to tell the house when we may expect to receive the report of the royal commission appointed to inquire into the operation of the Patent Act, the Copyright Act and the Trade Mark and Design Act?

Hon. Roch Pinard (Secretary of State): Well, Mr. Speaker, I am afraid I cannot give a definite answer to that question. I will have to get in touch with Chief Justice Ilsley in order to find out, and then I will be in a position to give the hon. member the information a little later on.

HOUSE OF COMMONS

QUESTIONS TO BE ASKED ON ORDERS OF THE DAY

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask a question arising out of the answer given by the Minister of Citizenship and Immigration (Mr. Pickersgill) a moment ago to the hon. member for Kent, Ont. (Mr. Huffman). Perhaps my question should be directed to the house leader; I am not sure. I understand there is some prohibition against putting questions to Your Honour, but this is the second time the minister has referred to some rule he alleges Your Honour has established. I was not aware that Your Honour had changed any rules that we have, so may I ask either Your Honour or the house leader what rule it is and whether in fact it has got to the point where rules are being written without the house being aware of it?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, my understanding of what my colleague said was that he was referring to a ruling you gave on the question of the nature of questions on orders of the day.

Mr. Fulton: It is quite clear, then, that this matter of the admissibility of questions is to be disposed of in accordance with the rules of the house and not in accordance with the whims of the Minister of Citizenship and Immigration.

Mr. Pickersgill: The minister has no whims.

LABOUR CONDITIONS

RAILWAYS AND NON-OPERATING UNIONS—CONCILIATION BOARD REPORT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour or to the Minister of Transport or to the Prime Minister?

Mr. MacDougall: Good boy.

Mr. Knowles: Is the government now in a position to assure the house and the country that the government-owned Canadian National Railways will go along with the recommendations made recently by the government-appointed conciliation board?

Hon. Milton F. Gregg (Minister of Labour): Well, Mr. Speaker, since my name was mentioned first I will give my answer to that question. I have received only a brief acknowledgment of the receipt of the report of the conciliation board from the railway management. I have not received from them any other letter or word.

An hon. Member: No telegrams?

Mr. Knowles: Mr. Speaker, may I ask a further question of any one of the same three gentlemen? Is there any consultation taking place between the government and the Canadian National Railways regarding this matter so that a strike may be avoided?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I might say for the Department of Transport that the Minister of Transport and the Canadian National Railways are in constant communication on all matters concerning the general good of Canada.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

Acquisition, construction and improvements of public buildings—

364. Unforeseen improvements, $900,000.

The Chairman: May I advise hon. members that they will find this vote on page 60 of the blue book on estimates and the details commence at page 469.

Mr. Green: Mr. Chairman, when the consideration of public works estimates ended on Friday last we were dealing with this particular item, and I pointed out to the minister that while the vote this year is $900,000, the details found at page 469 indicate that during the fiscal year which expired on March 31 the sum of only $350,000 had been spent. I asked why it was necessary to have a vote for the present fiscal year in the amount of $900,000 and in his reply the minister indicated that this particular vote is used for what might be described as a drawing account from which the minister could draw in order to supplement other votes. That seemed to be a rather strange procedure. I am wondering if it would not be possible to cut down this vote for the present year.

I would point out to the committee that the public works estimates contain other votes of a similar nature designed to give the minister a source from which he may draw if there should be unforeseen expenditures required. For example, one such vote is vote No. 391 which reads:

To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $750,000.

It will be noted that that particular vote is $350,000 more than it was last year. With provisions such as that in the estimates for unforeseen contingencies surely there is no need to ask for such a large amount under item 364.

Mr. Winters: I spoke briefly to this item just before we concluded our study of the estimates last Friday. This vote is required to cover works of a structural nature for which there is no specific appropriation but which cannot be charged to the maintenance votes under the allotment "Repairs and Upkeep", such as installation of new elevators, ventilating systems, construction of small additions, fire escapes, etc. and major repairs such as strengthening foundations, support walls or floors and construction of roofs. Those are items that cannot be specifically foreseen when the estimates are prepared.

As to whether or not the amount is too large, I think the best evidence I can give is the expenditures in different years which were as follows:

1951-1952	$1,180,000
1952-1953	937,000
1953-1954	740,000
1954-1955	897,000

Fortunately we did not have to spend as much last year as in other years, but since this is in the nature of an unforeseen expenditures vote I thought it would be good insurance to carry it in this amount. If experience develops as we go along to show that we do not need it, we shall certainly reduce it because it is not my intention to carry in the estimates items which are not required. Based on past experience and the figures I have quoted, our best estimate was that this amount is required.

Mr. Brooks: I am just wondering if this unforeseen item might not apply to New Brunswick. Looking over the estimates I find that the amount being allotted in New Brunswick for public construction is one-third of the amount allotted in Newfoundland, less than one-third of what it is in Nova Scotia and only $5,000 more than what it is in the province of Prince Edward Island, which has only one-fifth the population. The same thing was true in 1955-56 and I am wondering why it is that New Brunswick is getting what I might term such poor treatment in the matter of construction and improvement of public buildings over the last number of years.

Mr. Winters: As is the case in every instance, there are different ways of interpreting figures. I could refer to the last column on that same page and cite the fact that the reduction in Nova Scotia is $1,085,000, whereas the reduction in New Brunswick is only $369,000, and ask the question why Nova Scotia is getting such a bad deal.

Mr. Brooks: We did not have much to reduce from. That is the reply to that question.

Mr. Winters: You have quite a substantial project under development in Gagetown, which is construction of a very large magnitude but not carried in these estimates.

Mr. Brooks: That is for all Canada.

Mr. Winters: I do not think there is any real evidence to support the statement that New Brunswick is getting a bad deal. If the hon. member had been here the other day—perhaps he was—he would have heard me reply to the hon. member for Saint John-Albert and tell him that next year we hope to have a fairly large amount in the estimates for a big new building in Saint John.

Mr. Johnston (Bow River): May I ask the minister a question with regard to the item for Unforeseen Improvements? I should like to know whether or not the minister is giving consideration to the erection of penitentiaries in western Canada, as I mentioned the other day, and is he giving consideration to building one of these at Drumheller, Alberta?

Mr. Winters: I shall draw the hon. member's remarks to the attention of my colleague, the Minister of Justice, who is responsible for penitentiaries.

Mr. Johnston (Bow River): I indicated the other day some of the advantages Drumheller had over some of the other places.

Mr. Winters: I recall the hon. member's remarks.

Mr. Macdonnell: I should like to ask a question pursuant to that raised by my colleague, the hon. member for Vancouver-Quadra. The question in my mind in regard to this cushion fund, if I may call it that, is this. When extra money is needed in that way, when something unforeseen arises, is it entirely within the rights of the Department of Public Works itself to determine what is to be spent? Does it have to go beyond the department?

Mr. Winters: The treasury board.

Mr. Macdonnell: It goes to the treasury board just as any other item, and is subject to the same scrutiny?

Mr. Winters: That is right.

Mr. Macdonnell: I should like to ask one other question. I suppose there are ways of getting money when an emergency arises—we have heard of Governor General's warrants and so on—and one does not want to make a mountain out of a molehill, but a million dollars is quite a substantial sum of money. Is the minister satisfied in his own mind that the knowledge that this collateral fund is there does not make it easier for expenditures to slip through than would otherwise be the case?

Mr. Winters: I do not think so. There is evidence that we try to bring the vote within the limits of what is required. The fact is that it is reduced this year from $1 million to $900,000. If we find we need less next year we shall ask parliament to vote less. I do not think there is any lack of scrutiny because there is a lump sum for unforeseen expenditures. The same regulations are required to be met before it may be spent, as is the case with any other vote.

Mr. Macdonnell: What machinery has the government for taking care of cases where it actually turns out that more money than was needed has been voted? I know that actually less is spent, and it has to be revoted, but I think I might say I have known cases where it was discovered there was going to be a surplus and where there was considerable activity shown in taking steps to spend that money. I suppose, in a way, that simply cannot come in detail to the department, but perhaps my question should be this. To what extent is the department able to review expenditures as they go and to reach a conclusion itself as to whether there is extra money which need not be spent?

Mr. Winters: We have quite a rigid regimen of scrutinies. First of all, we have our survey of estimates; then we have the contract awards; and then we have the knowledge as to whether or not the lowest bid is in line with our own estimate. That is the first element of control we have after we call tenders. Then we have our own treasury officers and we have treasury people in the department assigned to us by the Department of Finance. They scrutinize all these matters. Then before they go to treasury board they must come forward for the deputy minister's approval and my own signature, and I endeavour to scrutinize them. The hon. member might be surprised sometimes to see the extent to which we scrutinize these items and the number of times they are turned back for review and, many times, for alterations. Then they go to treasury board. I think my hon. friend has heard it rumoured that treasury board is a fairly tight-fisted body.

Mr. Macdonnell: I have heard exactly the opposite.

Mr. McIvor: I have good reason to think that the check-up is thorough. A contractor in Fort William put in a tender for dredging. This man was the lowest tenderer but the deputy minister thought that he was too high. He has not got the contract yet and he is still investigating in order to cut down the contract. There is therefore close scrutiny.

Mr. Green: Did I understand the minister to say that if any money was spent under this vote 364 for unforeseen improvements, that expenditure had to be subject to approval of the treasury board in each case. From his answer to the hon. member for Greenwood I take it that is the case. One would think that the department could draw on that fund without going to treasury board particularly as in such items as item 391 there is specific provision made that expenditures are made subject to the approval of treasury board.

Mr. Winters: No. We are subject to government contract regulations and the terms of the Financial Administration Act. Amounts above certain limits as spelled out in the government contract regulations and the Financial Administration Act must go to treasury board under this vote, regardless of the way it is specified here in the estimates.

Mr. Murphy (Lambton West): Mr. Chairman, I wonder whether this would be the right item under which to speak about the matter I have in mind. It is sometimes hard to determine under which item discussion should take place. I am referring to what might be called an unforeseen development and it is certainly, in the city of Sarnia, not because of the St. Lawrence seaway project. Some dredging had to be done in order for boats to navigate. Is this not the proper item?

Mr. Winters: No. It would come under harbours and rivers which we shall come to very shortly. This vote applies to the building construction branch.

Mr. Hahn: Mr. Chairman, I imagine this is the point at which this question might be raised. I have been informed that certain modifications have taken place at Douglas port of entry in the past few days. I could not find it in the estimates for last year and I was just wondering whether the minister could indicate exactly what is being done there and why?

Mr. Winters: At what point?

Mr. Hahn: At Douglas port of entry, just across from Blaine.

Mr. Winters: Perhaps I could get some information, if we have any, and give it to the hon. member at another time. I have not that information before me now.

Mr. MacLean: I have a general question. I think perhaps I can ask it on this item. It is with regard to public buildings generally. What is the policy of the government with regard to the naming of new public buildings after individuals? Has there been any change in policy in this regard? Is it going to be regular policy to name every large public building after some individual?

The Chairman: Order. Surely, that is not a proper question under this item.

Mr. Tustin: Possibly the minister will recall that last year I brought to his attention the fact that it was necessary to modernize or renovate the post office at Napanee. At that time I understood him to say that he would have a look at that proposal. Whether he has taken a look or not, I am not sure; but I know that nothing has been done to date. I just want to bring the matter to his attention again. It is necessary that the post office at Napanee should be modernized on the interior. The area around that part of my constituency is developing quickly. I feel that the staff in the post office are doing an excellent job under existing conditions. How they are able to keep pace with the work, under the conditions under which they are obliged to work, is something that is beyond me. I should like to urge again that the minister take a look at the situation. It would not be an expensive job. In this unforeseen improvements vote I think he would have enough money to do it.

Mr. MacLean: Mr. Chairman, I am under the impression that this item of unforeseen expenditures applies to buildings right across Canada, or to buildings outside of Ottawa in any case. I would consider that my question was in order.

Mr. Winters: Mr. Chairman, I think you are quite right.

The Chairman: Order. May I clarify this matter. This is an item of unforeseen expenditures, certainly; and I think the hon. member for Vancouver-Quadra and the hon. member for Greenwood pursued the matter in an eminently proper manner. I am not certain that an item of this kind gives an opportunity to ask questions about particular public works, although I have allowed some latitude in that respect. I think most hon. members would agree that it does not open up the question of the policy of the department with regard to the naming of buildings or similar matters of policy. Surely in committee we must adhere to the strict rule of relevancy. I feel that I have granted a good deal of latitude on this item.

(Translation):

Mr. Dufresne: Mr. Chairman, since we are on item 354, I wonder if the Minister of Public Works (Mr. Winters) or his parliamentary assistant (Mr. Bourget) could tell us if any starting date has been set for the construction of the Quebec post office?

(Text):

Mr. Winters: Mr. Chairman, there again I do not think that matter, by any stretch of the imagination, could be discussed under this vote for unforeseen improvements. If the construction of a public building in Quebec were to be discussed in these estimates, it should have been done under item 355 which was passed a week ago.

Mr. Dufresne: I just waited until this time because having changed sites which is an improvement for the city of Quebec—

Mr. Winters: It is not an unforeseen improvement.

Mr. Dufresne: It certainly was an improvement because it is exactly what I suggested last year in the month of June and the Department of Public Works agreed only this year, after the city of Quebec and many organizations in our city had asked the minister to do it. Therefore, so long as it is an improvement, I am asking the minister whether the date has been decided for the starting of construction of the post office in Quebec city.

The Chairman: Order. And I am asking the minister if he will refrain from replying to that question, which certainly should have been asked under the proper item last week.

Mr. Churchill: Mr. Chairman, I wonder if I could have a try at this particular item now and see what success I have. "Unforeseen improvements" I am hoping will cover the type of expenditure that is involved in inscriptions on cornerstones or in erecting plaques in public buildings after their completion. I do not see how you could foresee and call for in the tender the erection of a bronze plaque.

Mr. Winters: I do think that is backtracking on the vote. After all, there were opportunities under vote 350 which was the general administration item for this branch. There were opportunities under the vote in each province to discuss these matters fully. We had a full discussion last Friday and I do not think it is quite fair to the committee to endeavour to use this vote for general discussion of these items which are really matters of policy.

Mr. Lennard: Then what about item 366?

Mr. Winters: That is harbours and rivers. I should be glad to have any item of policy and general administration on harbours and rivers discussed on that item but I think it is a mistake to go back to an item that has already been carried.

Mr. Churchill: This is an unexpected restriction. I thought the minister was quite pleased to disclose anything with regard to his department.

Mr. Winters: I am at the proper time.

Mr. Churchill: This would be an unforeseen expenditure after the completion of a public building. It is not restricted to one province but is general across Canada, so on that basis I should like to get some information.

The Chairman: Order. I can only request the hon. member to read *Hansard* on Monday and he will find, from the example of his colleagues the hon. member for Vancouver-Quadra and the hon. member for Greenwood, the manner in which this item might properly be discussed.

Mr. Small: This will probably come under the heading of unforeseen expenditures and unforeseen improvements affecting public buildings. It started with the question asked by the hon. member for Peterborough when he was complaining about the viewing galleries erected in post offices. I am asking the Minister of Public Works to review this situation and do something about having them removed. The reason I am asking to have them removed is that there is quite a feeling against having them. This is unforeseen. You could probably run into—

The Chairman: Order. In fairness to other members whom I have interrupted I am afraid I must now interrupt the hon. member for Danforth. The series of questions which hon. members—Will the hon. member please resume his seat? The questions which have been put recently by some hon. members, I think most members will agree, should not by any stretch of the imagination be discussed under this particular vote. I would ask hon. members to adhere strictly to the rule of relevancy by which we are bound.

Mr. Small: Pursuing this remark, and it has some relevancy to it because it may involve litigation in regard to the installation of these galleries. Now, the Minister of Justice—

Mr. Winters: This, I submit again, does not come under unforeseen improvements and there is nothing in the hon. member's argument that could properly be considered as concerning an unforeseen improvement. I do not mind considering any of these items at the right time. There is the order paper, there is orders of the day and there were the items considered last Friday. Hon. members have had a good opportunity to consider these matters, and I think it would be a great mistake and would be unfair to all hon. members of the committee to open up a general discussion at this stage.

Mr. Small: I wish the minister would hear me out so that I can explain the matter, and then I will probably agree with him. What I have in mind is this. When certain matters in regard to the Criminal Code were being discussed and the minister was talking particularly about sex deviates, there was a particular clause that came up in regard to peeping Toms, and there was a fine in connection with it.

The Chairman: Order. I must, without any hesitation, rule remarks of this kind out of order on an item of this kind. The hon. member for Mackenzie.

Mr. Nicholson: I was going to say that I missed this item last Friday because of an important committee meeting, and if we are going to open up the whole matter I should like to discuss the Saskatchewan portion of the business.

Mr. Hahn: I was going to suggest, if I may do so, that I could not hear the minister's reply in respect to this item and possibly if he were in a position to restate it—

Mr. Byrne: Unforeseen.

Mr. Hahn: Are you answering for the minister?

Mr. Byrne: Yes.

Mr. Hahn: Thank you very much. If the minister could restate his explanation, perhaps we would be in a better position then to ask our questions properly.

Mr. Winters: My explanation was that this vote was required to cover unforeseen items of a structural nature for which there is no specific appropriation, which are not provided for in any other vote and which cannot be taken care of under maintenance votes or under repairs, upkeep and that sort of thing.

Mr. Hamilton (York West): Such as a building falling down.

Mr. Winters: These things include the installation of new elevators, ventillating systems, the construction of small additions that are not provided for under other votes; major repairs, such as strengthening foundations, support walls or floor reconstruction; things that cannot be foreseen at the time the estimates are made up.

Mr. Dufresne: Do you include a change of lot?

Mr. Winters: There was nothing unforeseen about that change of lot, as the hon. member well knows.

Mr. Michener: I suppose the test would be whether the repair or construction was of an emergency nature and could not wait for the estimate in the next year?

Mr. Winters: That is right.

Mr. Michener: In looking over these expenditures we should find they were all of that character, something of immediate urgency and necessity about them, and I take it fairly small in amount. I have been looking at the expenditures under this item as they appear in the public accounts, and just by way of illustration I wonder if the minister has information on the expenditure on the dominion public building in Toronto, $10,286, which appears on page W-45 of the public accounts. What would the details of that be?

Mr. Winters: I have not that before me now but I can get it and give it to the hon. member if that is satisfactory.

Mr. Churchill: I think the minister, in his definition of unforeseen expenditures, has brought me right within the scope of this particular item because he said it related to additions to buildings that could not be foreseen and on which tenders could not be called. It is precisely that point I was raising, and I was going to suggest to the minister a means of saving money in the future for the people of Canada because I was going to refer to these bronze plaques on public buildings.

Mr. Winters: They are not unforeseen.

Mr. Churchill: How could that be foreseen prior to turning over the building erected by the Department of Public Works to, say, the Department of Veterans Affairs or some other department? Will the minister let me know whether all these items are arranged beforehand or do they come in later?

If the minister is not going to answer, Mr. Chairman, I hope you will see that I am in order on this because it is definitely a question of saving money. I should like to know under what circumstances these bronze plaques are attached to public buildings across this country, and on whose authority that is done, whether by the Minister of Public Works or the minister of the department for which the building is erected. I would suggest that a saving of money could be effected in respect of some of these commemorative plaques that are put on buildings. I am hoping that when the public buildings in the city of Winnipeg are completed in the near future some care will be taken with regard to the nature of the plaques that are placed on those buildings, if they are considered necessary. I, for one, do not consider them necessary in public buildings, particularly if they are used for the purpose of putting up the names of ministers and deputy ministers, people who enjoy a little brief authority but do not necessarily need to have their names recorded for the benefit of posterity. If these people deserve recognition in a public way, that could be done in some other manner. In time, perhaps we could erect statues to them on the grounds of the parliament buildings. Why should public money be used to put in large print the names of ministers and deputy ministers? I hope this will not be done in the addition

to the veterans' hospital at Deer Lodge and that it will not be done in the new post office which is being erected in the city of Winnipeg.

The Chairman: Order. I am going to recommend to the hon. member who has just spoken, as I did to hon. members a few minutes ago, the reading of *Hansard* on Monday, and I am sure he will agree with me that the remarks he has just made—although admittedly he started off somewhat ingeniously to justify his remarks under this item—were not in order under this particular vote. From now on, I am sure hon. members will wish me not to allow the latitude which I have allowed to date but to insist on a strict adherence to the vote itself.

Mr. Hahn: Can the minister indicate to us how much the repairs to the elevators in this building have cost in the past year?

Mr. Winters: That is not an item under "unforeseen", Mr. Chairman.

Mr. Cameron (Nanaimo): Are all the elevators going to break down?

Mr. Winters: We provided votes in the estimates of last year for the repair of elevators and the installation of new elevators. The fact of the matter is I have not the detailed information before me because the officials who deal with such matters that have already been discussed and carried are not here this morning.

Mr. White (Hastings-Frontenac): In view of the definition the minister has just given of unforeseen expenditures, will he say if the installation of the television equipment at Peterborough was an unforeseen expenditure at the time the plans were drawn? If not, how does he explain the fact that after the building was erected large alterations had to be made for the installation of television? Why was it not put in at the time the plans were drawn if it was not unforeseen?

The Chairman: Order. In view of the remarks I made a few minutes ago, I must say I do not consider that a proper question under this heading.

Mr. White (Hastings-Frontenac): Mr. Chairman, with all due respect, the minister has already said that these expenditures cover matters that could not be foreseen at the time. In this instance the plans were drawn and there was no provision for television. The building was erected and then at a large expenditure of public money expensive alterations had to be made to install television. Why does that not come under this item of unforeseen? This was something unforeseen. Can the minister explain why at the time it was not put in and this large expenditure of public money saved?

The Chairman: Perhaps I am under a misapprehension. I understood the hon. member to say that this equipment, or whatever it is, had already been installed. Therefore, I did not see how it could possibly come under this vote which, as I understand it, is a vote for unforeseen expenditures in the future. Now, if I am under a misapprehension on that, of course—

Mr. White (Hastings-Frontenac): I understand it is being installed or will be installed in the very near future. Perhaps the minister will say whether or not this expenditure in Peterborough comes under this vote?

Mr. Winters: It does not come under this vote, Mr. Chairman.

Mr. Green: In the details of this item to be found at page 469 we find that the vote is divided as follows: $300,000 for Ottawa and $600,000 for other than Ottawa. Last year the expenditures under the same vote were $350,000. Can the minister tell us how they were divided as between Ottawa and outside Ottawa?

Mr. Winters: For this vote?

Mr. Green: Yes.

Mr. Winters: It is divided, Ottawa $300,000; other than Ottawa, $600,000.

Mr. Green: No; I am asking for the same information concerning the moneys spent last year.

Mr. Winters: The moneys spent?

Mr. Green: Last year there was $300,000 allotted to Ottawa and $700,000 outside Ottawa. I would like to know what the actual expenditures were, divided in that same way?

Mr. Winters: The figures as at March, 1956, at Ottawa, $99,082; outside of Ottawa, $198,547.

Mr. Regier: Can the minister explain why he needs this item at all? If we follow the usual custom of having supplementary estimates before March 31 of next year, would not all of these items that he thinks he may need this money for be covered in the supplementary estimates? Could he not very well leave them before the supplementary estimates come before us?

Mr. Winters: No. For one thing, the supplementary estimates will be compiled very shortly now, but there will be that period between the time they are compiled and the time we vote moneys in the next fiscal year.

There is quite a gap there, and there is no opportunity of getting funds from any other parliamentary vote.

Mr. Charlton: Mr. Chairman, in view of the fact that we cannot get information apparently on this vote for the future it would be quite fair for the minister to give us the expenditures for the past year.

Mr. Winters: I did that, Mr. Chairman.

Mr. Lennard: In detail?

Mr. Charlton: We can see them here, $300,000 for Ottawa and $700,000 for outside Ottawa, but I should like to point out, Mr. Chairman, that only $350,000 was spent. In the year 1954-55 $878,000 was spent, but there appears to be quite a difference between the $350,000 spent last year and the $900,000 asked for this year. If we cannot get information—and it is obvious that we cannot get information on what is going to be an unforeseen expenditure next year—then it should be our right to get the expenditures that the $350,000, as shown in the estimate, was spent in the previous year.

Mr. Winters: Yes, that is quite a fair question. I have a breakdown. It is quite a long one. If hon. members would like me to read it I shall be glad to do so.

Mr. Green: Go ahead.

Mr. Winters: Here is the list for Ottawa: Archives building, site improvement, $16,573; postal terminal, repairs to masonry, $5,046.07; parliament hill ground, parking area, $5,300; mines and technical surveys, improvement to grounds, $9,200; north of the mall and river front, parking areas, $6,800; parliament building, improvements to plumbing, $12,849; No. 8 temporary building, parking stalls, $6,700; central heating plant, new elevator and penthouse, $6,958.80; central heating plant, renewal of roof, $6,605.40; total of contracts, $75,672.27. Encumbrances issued for amounts under $5,000, $23,410.11, making a total of $99,082.38. Outside of Ottawa: there is a public building at Bonavista, Newfoundland, drainage, $24,988; public building at Bonavista, Newfoundland, landscape development, $12,731; postal terminal, Montreal, Quebec, new built-up pitch and gravel roof, $8,125; marine stores building, Quebec, Quebec, pipe tunnel installations, $11,410; customs, Pigeon River, Ontario, water supply, $12,949.77; customs warehouse, Phillipsburg, Quebec, asphalt paving, $7,977.54; Chown building, Kingston, Ontario, new elevators and alterations, $13,918; customs and immigration, Kingsgate, British Columbia, water supply, $17,424.66; Camp Hill hospital, Halifax, automatic sprinkler system, $15,000; 150 St. Paul street, Montreal, repairs to stonework, $16,097. That is the total of the contracts for which that amount was used last year.

Item agreed to.

Harbours and rivers engineering branch—

365. Branch administration, including district engineers, staffs and related expenses, $2,381,423.

Mr. Winters: Mr. Chairman, perhaps I should say a word on this item. When we were considering these estimates last Friday the hon. member for Vancouver-Quadra asked me if I would give the committee a progress report about the Ripple Rock project. I know that the hon. member will also wish me to report on the *Hilunga* grounding. It occurred to me that at the same time hon. members might wish me to report briefly on several other items of interest which fall within the scope of the harbours and rivers engineering branch of this department.

Hon. members will be interested to learn that this branch is now considerably ahead of previous years in advertising and awarding contracts. For instance, on April 18 it had 95 contracts advertised of which 35 had already been awarded. On the same date in 1955, 21 contracts had been advertised and none had been awarded. It is our hope to have the bulk of our contract work for the present fiscal year awarded by June, whereas in 1955 we were still awarding a number of contracts as late as September.

With 14,000 miles of coastline on the Atlantic side alone and with a long coastline also on the Pacific side and in the north this branch is engaged in 300 major projects involving wharves, breakwaters, dredging, et cetera, and several times that many minor projects. These range from the historic and costly task of keeping the Fraser river estuary open in British Columbia to roughly three dozen different projects undertaken for different departments in the Arctic area. The branch operates a fleet of more than 100 marine craft and is responsible for the maintenance and operation of government-owned drydocks. It takes on assignments ranging from the building of a small fishing harbour along the Gaspe coast and in the Atlantic provinces to port improvements, for example, in Hamilton, Port Arthur or Port Credit, Ontario.

Now with those few general remarks, I would like to pass on to several individual items.

First, a report on the progress towards removal of Ripple Rock. We have a further item of 1 million in the current estimates to help pay for this project. The plan calls for the removal of the twin pinnacles of Ripple Rock to a depth of approximately 40 feet

below the surface of low water. A test boring showed that mining from Maud island is feasible.

A shaft will be sunk to a depth of over 500 feet on Maud island. A tunnel 2,370 feet long will lead from the main shaft to a position beneath Ripple Rock. From there the tunnel will fork, a branch leading upward for 300 feet under each pinnacle. A series of chambers will be drilled in each pinnacle and will be packed with approximately 750 tons of nitrone. It is expected that the charge will be exploded in the spring of 1958.

On October 24, 1955, a contract for the operation was awarded jointly to Northern Construction Company and J. W. Stewart Limited, and Boyles Bros. Drilling Company of Vancouver. The amount of the contract was $2,639,878. A test boring on the line of the main shaft, completed in December, indicated that the chosen site was satisfactory. Excavation of the main shaft commenced in January and has advanced at the rate of about 60 feet a month; on March 31 the shaft was down to the 184 foot level. Also in March the British Columbia Power Commission completed erection of the power line which will service the operation.

Ground conditions encountered in the shaft have been good and the work is proceeding on schedule.

Secondly, I shall comment on the 82·6 foot motor vessel *Hilunga* which is owned by this department. This particular vessel which was built for this department in 1950-51, has been used to transport personnel and equipment to outlying areas on the Pacific coast and chiefly for surveys and inspections. On February 6 she was ordered to proceed to Skidegate channel on the east coast of the Queen Charlotte islands to carry out survey and inspection work in connection with a dredging contract. She was due there about February 17. The inspection certificate for this vessel restricts her to certain voyages. These restrictions permit her, at any time of the year, to go to the Queen Charlotte islands, provided she does not go farther than 15 miles off shore or 100 miles between ports of call. This meant that the crossing of Hecate strait would have to be made at the north end of the strait, or to Rose Spit. In summer, in fine weather only, a crossing could be made anywhere north of latitude 53° north. To reach the north end of Hecate strait the vessel could traverse the inside passage between the mainland and the coastal islands. The licence permitted the voyage to Skidegate channel to be made at the time when it was ordered.

The *Hilunga* left Vancouver on the morning of February 14 and reached the north end of Vancouver island at 4.15 p.m. on February 15. The captain then elected to follow a straight course northwesterly at 317° true, to Skidegate inlet. At 8.00 p.m. they began to experience stormy weather with high seas and blinding snow. By 1.20 a.m. of the 16th she ran aground at a location which later proved to be near the west shore of Aristazabal island which is well within the 15-mile limit. The story of the rescue of the crew is well known now and I will only commend the R.C.A.F. and those others who helped so much by taking part in the search.

Shortly after noon on February 17 the crew were picked up by an R.C.A.F. aeroplane and flown to the mainland. The *Hilunga* was towed to Vancouver by a salvage vessel and reached there on March 6 to be drydocked. Tenders for repairing the vessel have been received and are currently being reviewed. The estimated cost of salvaging and repairs is now set at $85,000.

Mr. Green: What was the original cost?

Mr. Winters: About $150,000.

On February 20 Captain Dale-Johnson was suspended from his duties. On the same date the Department of Transport was requested to carry out a preliminary investigation. This investigation found that the *Hilunga* was properly manned and equipped at the time of the accident and that even with the wind increased to 50 miles per hour she behaved well. The inquiry found that the stranding was caused by an extraordinary leeward drift due to a wind of gale force acting on the high superstructure. The incident was, in fact, a grim reminder of the rapidity with which weather conditions can change on that part of the coast. In this particular case it took only four or five hours for a quiet, pleasant passage to change to the difficulties of a howling gale in low visibility. The weather experienced was in accordance with warnings issued by the meteorological service but the change took place somewhat sooner than the forecast predicted. The master set his course at a distance from shore which he considered ample to take care of any drift but in this he was mistaken. In the falling snow with radar ineffective in such a sea, the first indication the crew had that she was too near shore came when they felt a bump as though a log had been struck.

The investigation also revealed that this accident was a straight case of an error in judgment on the part of the master of the vessel in deciding to go outside the coastal islands instead of following the long and tortuous inside passage to Prince Rupert and across the eastern shore of the Queen Charlotte islands.

In view of this finding the Department of Transport have informed me that they did not consider it necessary to hold a formal and more detailed investigation. They assumed that any disciplinary action which might be taken would be taken by the Department of Public Works. I might add that Captain Dale-Johnson was a man with a good record up until this particular incident. It has been decided that his punishment should consist of a two-month suspension. It is our expectation that the *Hilunga* will return to service on July 1 of this year.

Now, I think that I might report on the situation with regard to Port aux Basques, Newfoundland. As hon. members know, we have been engaged at the request of the Department of Transport in considering and implementing improvements to this harbour to prepare it for its role under the terms of confederation as the Newfoundland terminus for the Canadian National Railways vessel *William Carson.*

In this connection the Department of Transport engaged the services of Messrs. Coode and Partners, British consulting engineers, last year. As a result of their report which was made last August 15, coupled with our own judgment, the government decided to implement at once a two-point program. The first of these consisted of the construction of a breakwater approximately 600 feet in length which would extend from Graveyard Point to West Baldwin Rock. A contract for this work was awarded on December 9, 1955 to Tidewater Construction Company Limited, New Glasgow, N.S., at unit prices totalling approximately $186,600. This work is well under way and is approximately 35 per cent completed. It is expected that the breakwater will be finished by July 1.

The second decision was to have the national research council construct and conduct studies on a hydraulic scale model of the harbour at an estimated cost of $70,000. This model will be operated by personnel of the national research council and the Department of Public Works. Our aim in erecting it is to study whether the harbour will be satisfactory with the addition of the new breakwater or whether further improvements may be necessary. I can report that a necessary extension to the hydraulic laboratory of the national research council to house this new model has been finished and that the model itself has been completed.

Preliminary studies and the collection of additional information at Port aux Basques itself have also been finished. The final adjustment now has been made to the machine which will simulate waves. It is estimated that the model tests will start in early May and that some results will be available sometime this summer. Once these studies have been made we will be in a better position to judge the situation with regard to Port aux Basques.

Mr. Green: I thank the minister for his statement on Ripple Rock and the *Hilunga,* but I am afraid he has not the complete story with regard to the use which has been made by his department of the *Hilunga.* As I understand it, under the terms of her licence she could be used only within 15 miles of the coast and there was a further restriction that she must not go on a trip which was more than 100 miles from port to port, and in the definition of "port" was included a channel under five miles in width, that is a channel under five miles in width would constitute a port.

Even if that vessel had gone right up opposite the northern tip of the Queen Charlotte islands and then had gone across, the distance from port to port in a trip of that kind would be over 100 miles. Therefore she should not have been sent to the Queen Charlotte islands in winter.

Mr. Winters: I do not think that is correct.

Mr. Green: That is what I am told by the shipping people, that the port to port distance on that trip is over 100 miles. There was absolutely no justification for sending that vessel on that trip even though the skipper was told to go away up many miles beyond the regular route to a point across from the upper end of the Queen Charlotte islands and then down the shore of the Queen Charlotte islands to Skidegate.

The licence permitted this ship to go to the Queen Charlotte islands during the summer, but apparently a year ago this skipper was ordered to go to Skidegate in the winter. He went to one of the minister's officials in the office in Vancouver and complained that the ship did not have a licence to ply in those waters in the winter but he was told to go ahead anyway. He made the trip to the Queen Charlotte islands in the winter a year ago against the provisions of the Canada Shipping Act on instructions from one of his senior officers in Vancouver.

Mr. Winters: We have no evidence to support that.

Mr. Green: I believe there was evidence to that effect given at the inquiry.

Mr. Winters: No, sir.

Mr. Green: Certainly from my information that is the case. Then after that incident of a year ago this year he was ordered again

to go to Skidegate in the winter. Having been forced to go a year ago, he went again this year. I think the minister indicated the date on which he left Vancouver and the date on which he was due in Skidegate and if he will check those two dates he will find that the skipper was not given time by his senior officers to go the long way around the northern route to get to Skidegate. The only way he could possibly have got to Skidegate within the time allotted was to do exactly what he did do, that was to try to cut across to the southern tip of the Queen Charlotte islands.

I am not saying that there was anything like criminal negligence on the part of the minister's senior officers in the office at Vancouver, but I think it is sufficient to say that these men do not understand shipping. They are not in the shipping business, they are in the public works business. They do not appreciate how important it is that ships of the dominion government should comply with the law just as carefully as ships of a private company.

They wanted to get this ship up to Skidegate at a certain time. Apparently it had to go there to act as a hotel for men who were doing some surveying in connection with the dredging. In order to do that they just said to the skipper, "You take your ship over to the Queen Charlotte islands." They paid no attention whatever to the fact that it was midwinter and that these seas are particularly dangerous in midwinter.

I am afraid that this practice of not following the shipping laws carefully is all too prevalent in government departments other than the Department of Transport. Other departments have their own vessels and I presume they do not like to be told by the Department of Transport what they should do in certain cases. They like to run their own show in the way in which they think it should be run.

I suggest that the real fault here must rest, not upon the shoulders of the skipper who nearly lost his life when the accident occurred—it was a miracle that he and other members of his crew were not drowned, as I do not think there has been a more spectacular rescue than the one in this particular case—but rather upon the shoulders of the officials in the office of the department in Vancouver. I understand the minister to say that the suspension of the captain has been lifted and he has been put back to work.

Mr. Winters: As of today; he was suspended on February 20 for two months.

Mr. Green: He has lost his pay for two months and I think under the circumstances that is unfair. I submit that the master should be given his pay for the two months. Let the minister concentrate on making some changes in his office in Vancouver so that in future public works vessels will comply strictly with the shipping laws of Canada. As a matter of fact, the government's own vessels should be much more careful to comply with these laws than any other vessels. The government vessels should be setting an example instead of trying to get away with things, as was done in this case. There is absolutely no justification for this ship being sent to the Queen Charlotte islands in winter. The minister mentioned, for instance, the inside passage. I think he is confused in that. The inside passage is not between the mainland of British Columbia and the Queen Charlotte islands.

Mr. Winters: I am not confused. I know where it is. I have a map before me.

Mr. Green: The inside passage is in the nature of a series of canals right up direct to Prince Rupert. Those canals are well within the mainland. They are not right out on the open ocean; they are well inside. That is the way the passenger vessels go to Prince Rupert. It is a marvellous natural canal route. It is what is known on the west coast as the inside passage. Apparently this little ship was never ordered to go around through the inside passage. The way she had to go was off the main shore, that is, right through the Hecate strait. It is a ridiculous way to send her, in any event, quite apart from the question of going across directly to the Queen Charlotte islands. It is obvious to me that this is a mistake made in the minister's own Vancouver office by landlubbers who do not understand the importance of complying with the shipping laws.

This thing has ended happily as far as lives are concerned, though it has cost the dominion government some $85,000 plus whatever will have to be spent to rent another ship. Although there is that expenditure, there have been no lives lost. I hope that now the minister will see that the captain is given his pay for the whole period and that in addition the minister will instruct his officials, not only on the west coast but in every part of Canada that they may be serving, that they must comply strictly with the shipping laws of Canada. If that is done it is extremely unlikely that any more of the minister's vessels will be involved in an accident of this type.

Mr. Winters: There is not much more I need say on this, but there are one or two points. I do not wish to leave the impression that we have many of these accidents; we have

not. We have a great many boats operating, and seldom do we have an accident.

In spite of what the hon. member for Vancouver-Quadra said, about the ship being required to operate outside the limits of its waters to get to Skidegate channel, that is not the case. The Department of Transport branch of steamship inspection, have concurred and confirmed that the ship could go from Vancouver to Skidegate and still be well within the limits of the waters in which it has permission to operate.

The fact of the case is that the captain made an error in judgment, which was found in the inquiry. I do not wish to reflect unfairly against the captain. We have decided what the degree of penalty should be. The fact of the matter is that the mistake turned out to be a very costly one. Happily, it did not cost lives, and that is, I think, as the hon. member has said, the result of a most miraculous rescue, but it has cost the taxpayers of this country a considerable amount of money. I agree with him to the extent of saying that we must ensure that every possible step is taken to see that these accidents are avoided. But I did want to state that side of the argument, that this boat could have gone on her assignment and stayed well within the limits of waters in which she had been given authority to operate.

Mr. Green: Not in the time limit she was given to get there.

Mr. Winters: There was no time limit.

Mr. Green: She was told to be there at a certain time.

Mr. Winters: That is not the case. The *Hilunga* was given no time limit to reach her destination. She went there to provide accommodation for the men, as my hon. friend has said, but also because she carried sounding equipment necessary to measure the dredging.

There is also no evidence to support what the hon. member has said about the instructions received from officials of the Department of Public Works in the office in Vancouver, which would seem to leave the impression that the captain was told to do something which was beyond the terms of his orders imposed by his licence. There is nothing in support of that. I think this case has been thoroughly considered, and I believe the penalty imposed is a fair one. The captain up to this time has had a good record of performance, and I see no reason why he cannot continue that good performance in the public service.

Mr. Green: The distance from Triple island to Rose Spit at the northern end of the Queen Charlottes is 22 miles. The distance from Rose Spit to Skidegate is 90 miles. That makes 112 miles, which is over the 100-mile port-to-port limit. That very fact alone indicates that the ship should not have been sent to the Queen Charlotte islands in the winter.

As a matter of practical common sense, I am sure the minister will agree with me that it was ridiculous to expect that the ship should go for that long distance away up to the north and then down around again to the south. Why send her to the Queen Charlotte islands at all when there had to be a trip of that kind undertaken, if there was to be even an attempt at compliance with the Canada Shipping Act? It just did not make sense, and the vessel should never have been ordered to the Queen Charlotte islands anyway. I think the minister, on reflection, will agree with me that that is where the mistake was made. It should not have been sent there. I hope that the minister will give some further consideration to the treatment that has been meted out to the captain, and also that the minister himself will make some inquiries to find out whether this captain did not complain a year ago that his licence did not extend to a trip of that kind.

Mr. Barnett: While we are on the subject of the *Hilunga*, there are one or two points I should like to raise in this connection. One thing that occurs to me, as a result in part of the statement made by the hon. member for Vancouver-Quadra, is that perhaps it would be desirable that we have either a statement from the Minister of Public Works as such or a general statement in respect to the policy regarding government vessels. It would be appropriate that we have a somewhat clearer statement of policy than the minister gave in his remarks, in regard to the delineation of responsibility as between the master of a vessel and the engineering staff of his department as such.

I have a hearsay impression that in matters respecting the navigation of a vessel the master has an authority which is an overriding one. That is only hearsay knowledge on my part, and it might perhaps be valuable, in view of the case we have before us, that some clear-cut statement as to the actual understanding on that matter by the minister and by the government should be given.

The other point that I had in mind should be raised was in respect to the minister's reference to the meteorological warnings which were available to that vessel. My understanding is that the point of departure from the north end of Vancouver island was Bull harbour. That is the location of one of the stations of the Department of Transport. I am slightly puzzled, in view of the remarks

made by the minister to the effect that there was some warning of a storm in the offing. I believe he made a statement to the effect that the storm arrived a matter of three or four hours more quickly than had been anticipated. This is a matter of some considerable concern not only in this particular instance but in the general matter as to the reliability of the weather forecasting services on the Pacific coast. I made some reference to this matter when the estimates of the Department of Transport were under consideration a while ago. I wonder whether the minister could elaborate a little bit more on just what information the captain of the vessel had with respect to storm or gale warnings, where he obtained them, and as to why, if those forecasts indicated that a storm was in the offing, the vessel did not decide to lay over in Bull harbour rather than setting forth as she did.

Mr. Winters: I think the responsibilities of a captain on his own ship are obvious. In the fact that he is in the employ of the Department of Public Works there is nothing that alters his responsibility. Once he leaves port of course he is fully responsible for his operations and the safety of his crew. As to his knowledge of the weather, he received the usual reports by radio. I do not know whether he had anything beyond that. However, it is true that he knew there was a storm in the offing. Had he set his course in the manner that one might think he would, he could have laid over—as the hon. member has said—when the storm was approaching. But the storm came at him at an earlier time than was predicted and sooner than he expected. It came up rapidly.

Mr. Garland: I should like to get this discussion back from the west coast into Ontario, particularly into the important district of Nipissing. I wish to speak about a matter that is of real importance at home and has been for many years. I refer to the proper control or attempted control of the water level of lake Nipissing and the related problem of the overflow from lake Nipissing into the French river. This problem was partially solved in 1949 and 1950 by the construction of a spillway that would, in the case of emergency, lower the water level of lake Nipissing, particularly during the spring run-off. A real problem is presented on the lake there. It is a large, shallow lake. A great deal of damage can be done to lakeshore properties if there is high water accompanied by even a strong wind. As I say, the problem has been a real one for the last 40 years.

There are many varying interests around the lake and on the French river. Not all want the same water level maintained. But in the time that I have been the representative of the area I have attempted to bring practically all of the varying interests and factions together in order to try to decide on some common ground upon which all could be agreed. That was done and the matter has been working out fairly successfully since then with the assistance of the engineering branch of this department.

One of the things which the people at home always felt would be helpful would be having on the spot in the area someone who had to do with the control of the water level. That, of course, was not possible until last year when this branch was reorganized and a suboffice was opened in North Bay. That was the office which the minister visited last winter on his visit to our area. Now everything is going along well. I believe the matter has been well handled in the past. However, there is some thought of transferring the control of that lake to another department of government. I would hate to see that sort of thing done. The matter is now under control. It is being well looked after and well managed by the people who have done it all down through the years. If I can get it, I should like to have from the minister the assurance that this situation as it exists now, with the engineering branch looking after that particular area, will continue "as is".

Mr. Winters: I can give the hon. member the assurance that the level of the lake will be looked after as well as it is being looked after now. Whether the control will continue to rest in this department or be transferred to the water resources branch of the Department of Northern Affairs and National Resources, I am not sure at this stage. Discussions are going on. There is some logic to support a transfer to the water resources branch which looks after such matters on a nation-wide basis. But wherever the ultimate authority rests, I can assure my hon. friend that there will be the same diligence as there is now in looking after the interests of the local citizens. I thank him for bringing this matter to my attention.

Mr. Garland: Having regard to those discussions that are now taking place and those that may take place in the future, I should like the minister to give the most careful consideration before changing a situation that is now obviously satisfactory. That is all I have to say on that matter.

There is another matter that has been of some concern I suppose for the last 40 years also in my district, namely the use—and in some cases the improper use—of rivers for the driving of logs in the spring during the spring drive. I should like to ask the

minister what protection, if any, there is for the public against the improper use—let us assume that it is improper—of these rivers for this particular purpose.

Mr. Winters: In reply to my friend the hon. member for Nipissing I think I can say that that is a matter that would come under the control of the Navigable Waters Protection Act and there would be the protection provided by that statute. I would need to look into the particular instances of infringement of the statute in order to be able to tell him more specifically just what the nature of the protection is and what can be done to have the citizens observe the terms of the statute. Perhaps if my hon. friend would tell me the specific instances he has in mind, I could deal with the matter a little bit more directly than I am now able to do.

Mr. Garland: I shall be glad to do that, Mr. Chairman. This is exactly the situation as the minister has outlined it. For the last 40 years various firms have been using the Sturgeon river for floating their logs down into lake Nipissing. At the present time, as in the past, some of the companies are co-operating and doing this in a way that will cause the least inconvenience to the public and to the tourist resort operators along that important river.

Now, sometimes as I say there is co-operation and intelligence used, and sometimes there is not. Sometimes there is a complete disregard for the navigation interests of the river. There always seems to be a problem, and this has continued for 40 years. Members of parliament, the chamber of commerce, the mayors, the town councils, all seem to be running around in circles on this particular problem. Usually, of course, it ends up with a member of parliament who makes representations to the minister. The minister then goes to his engineers and the engineers go out, but by that time either nature or the company concerned has taken care of the problem and so another year goes by.

I should like to know just what teeth there may be in this Navigable Waters Protection Act. I have looked it up this morning and in the interpretation section under "work" we find this:

> "Work" includes any bridge, boom, dam, aboiteau, wharf, dock . . .

And so on. Then it goes on to say that it includes any structure or device, whether similar in character to the foregoing or not, which may interfere with navigation.

[Mr. Garland.]

Then later on under the heading "General" we find this:

> No work shall be built or placed in, upon, over, under, through or across any navigable water—

Then it goes on to mention any other thing by which any obstruction or obstacle is caused. Now, it seems to me that is fairly complete. While it is true that this act is the responsibility of another minister, the Minister of Transport—

Mr. Winters: That part is the responsibility of the Department of Public Works.

Mr. Garland: Yes, the carrying out of it or permission for construction of those things or the removal of them, that is within your department.

I should like to have this problem solved for the people of my area. It is a very real problem. We are dependent to a great degree on the tourist dollars that are spent in the area. Last year we had a situation where two firms used the river for the purposes I mentioned earlier. One of them did it in a way that was indeed commendable. They avoided week ends, holidays and so on and their logs were moved down the river with the very least inconvenience to the people who were using the river for boating purposes, the transportation of tourist supplies and tourists. In so far as the other firm was concerned the contrary was true. I stepped into the thing, perhaps needlessly or improperly, but I was quite concerned. I hoped that perhaps if we got around a table we could discuss this thing. I got in touch with the officials of the chamber of commerce, the mayor and representatives of the two companies. We had the fullest co-operation promised by the one company that has always co-operated anyway. The other company listened and assured us that the same co-operation would be forthcoming, but that has never transpired.

Now, I do not want to let this continue. I want to approach this problem in an honest way. If we have any responsibility, if there are any teeth in the legislation, I want the provisions of it carried out and the problem settled. There is no point in allowing it to continue for another 40 years. If we have no authority, if we have no jurisdiction, if there are no teeth in the legislation, let us be honest and say so. I would appreciate hearing any comments the minister can make about the problem because it is a needless and annoying one. It arises from the careless disregard of one organization. I do not say that in any unkind sense and I do not know the principals of that organization at all. But if there are any teeth in the legislation it should be implemented so that the tourist

operators and the people who use the Sturgeon river will not have this sort of problem in the future.

Mr. Winters: I will examine the circumstances, Mr. Chairman. I am not aware of the details now.

(Translation):

Mr. Dufresne: Mr. Chairman, item 365 of the estimates of the Department of Public Works, dealing with harbours and rivers, gives me an excellent opportunity of again asking the government to be kind enough to undertake, with the least possible delay, works which have been requested long ago by myself in the house on several occasions, as well as by the Quebec municipal council, the Chamber of Commerce and all the important public bodies of the old capital.

I want to refer once again to those two rivers which have been mentioned so often previously in this house, so often in fact that at times it seemed that we could detect their smell, rivers which need to be cleansed and deepened or canalized with the least possible delay and for many reasons. But, Mr. Chairman, even though there would be only one reason, that is to safeguard public health, I believe it would be very important since public health is our most precious asset in Canada.

I understand, Mr. Chairman, that there is at present and that there has been for some time a conflict of jurisdiction as far as the responsibility for those two rivers, located in the city of Quebec, is concerned. Here in the parliament of the nation, the federal government contends that it is a provincial responsibility, while elsewhere the contrary is upheld. Some people go so far as to say that it is a matter that concerns the municipal authorities. I do not intend to argue that point. However, there seems to be a conflict and nothing seems to have been done to define the jurisdiction in any concrete way. People are still mixed up on the matter, but one thing remains, Mr. Chairman, and that is that the health of the people of Quebec is constantly endangered.

I have often mentioned in the house the foul smells which cover the whole city and constitute a grave danger. I want to emphasize again here that between these two rivers, in the heart of the city of Quebec, the most important playground has been laid out, where underprivileged children, whose parents cannot afford to spend the summer outside the city, can enjoy themselves and where, I readily admit, they are sheltered from the dangers of traffic. But, unquestionably, they are exposed to perhaps an even greater danger, that of infection from some virus emanating from these open sewers, and which could impair their health for the rest of their lives.

This seems to be a very important point, and I urge the government, on the eve of general elections, to act on a kindly impulse. I do not ask them to settle this whole problem this year or next. However, I do ask them to show their willingness to take the necessary and urgent steps required to put an end to this situation which has existed in the city of Quebec for more than a quarter of a century and which, unfortunately, has never been corrected.

Mr. Chairman, the municipal council of the City of Quebec—this is for the information of the hon. members of this house—has decided, at the end of last month I believe, to spend $350,000 for the diversion and improvement of a part of St. Charles river. There would be no point in trying to conceal the fact that the Quebec municipal authorities are aware of the necessity of such a move, to protect the citizens of Quebec. Needless to say, the city of Quebec surely lacks the means to finance such an undertaking. Where will she get the money? It is not for me to discuss the point but we all know that the city of Quebec is at present in financial difficulties and that this new burden would inevitably fall on the shoulders of the Quebec taxpayers who, I think, are already overtaxed.

As I was saying a moment ago, I wonder if some means could not be found, on the eve of an impending election, to include a substantial vote towards the sanitation and deepening work which appears to be necessary in the case of the St. Charles river, a river which at all events, comes under federal jurisdiction.

I would very much like the city of Quebec to be as attractive as Ottawa is at this time, when we look at the splendid Rideau canal which cuts across this capital city.

The St. Charles and Lairet rivers are little better than sewers, as I have already pointed out. They are a disgrace to the capital of my province. I would hope that serious consideration will be given to correcting this state of affairs, apart altogether from the matter of jurisdiction which, in any case, has not been settled yet.

Should the federal government decide to offer a substantial grant so that this work

could begin—which would be a fine gesture on its part—who knows but that other authorities would not be ready to follow its lead?

The city of Quebec has, on its part, shown a willingness which could properly be called remarkable, and the ratepayers of Quebec would be only too happy, I should think, to welcome such a step on the part of the Minister of Public Works (Mr. Winters), and especially of his parliamentary assistant (Mr. Bourget) who probably knows more about this matter, in fact, that anyone here.

It is not a case of blaming anybody in particular for the fact that this situation has not been remedied yet. Let us forget about the past, let us only look to the present and, especially, let us look to the future and the health of our children, especially those of the city of Quebec.

Mr. Chairman, having dealt with this matter, I would now like to speak about one which has already been raised in this house two years ago, I believe. It has to do with the award of certain contracts.

Contracts have been awarded to companies of questionable solvency. I have reference in this regard to a contract of close to $500,000 awarded for the widening of the wharf at Riviere du Loup, in the constituency of Temiscouata. Mr. Chairman, let me at once reassure the hon. members sitting opposite; this is no personal attack against anyone in this house. Neither the Minister of Public Works, nor his parliamentary assistant, no more than the present member for Temiscouata (Mr. St. Laurent), is to be blamed for that situation. I want to be fair to everyone.

A contract for the widening of the wharf at Riviere du Loup was awarded to a Canadian company, the subsidiary of a British company operating under the name of Marples Ridgway Canada Limited. The work was completed last year. It is not a bad thing that this happened a little before the by-election in that constituency, but that was probably mere coincidence. As I was saying, the work was completed, it was approved by the federal government engineers, and what happened then? Unfortunately, I repeat, unfortunately, on December 3 last, the newly constructed section collapsed by some 15 feet, so that it was necessary to condemn the wharf. Federal government engineers were rushed to the spot and I believe they have been there ever since, if not permanently, at least periodically, to make the soundings required to determine how the works could be repaired. However, what is even more unfortunate is that, two days after the collapse of that new part of the wharf, the company which had been awarded the contract, also collapsed in a spectacular bankruptcy amounting to $638,320.61, causing the loss of considerable sums of money all across the country and also in the area concerned, i.e. the Riviere du Loup area.

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

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Dufresne: Mr. Chairman, before the committee rose at one o'clock, I was saying that the Marples Ridgway Canada Company Limited, which had built—or, at any rate, widened the wharf at Riviere du Loup, collapsed two days after the wharf itself had done so, in a $638,320.61 bankruptcy.

Mr. Chairman, the suggestion I would make today is to recommend to the government that all contracts be at least awarded to responsible firms. Some might say that the department has no knowledge of the solvency of the company which secures a contract. But it seems to me that inquiries should be made to find out if a company being awarded a contract can fulfil it without causing many people, subcontractors and even workers, to lose large amounts of money they cannot afford to lose.

Here we have a situation where the Canadian people, because the government failed to take necessary precautions, will lose close to a million dollars, not to mention the extra work of the engineers who have been making soundings since last fall. And that is not all, for the new construction will probably cost as much as the amount which has already been lost, that is about half a million dollars. Therefore the widening of that wharf will cost a pretty penny, over a million dollars whereas, with a little more foresight, it would probably have been possible to save $500,000.

As I said at the outset, I am not blaming anybody at this time. I am only mentioning these things as I think it is my duty to bring them to the attention of the committee. The same thing happened two years ago, and I remember there was quite a discussion in this house at the time. It seemed somewhat

identical, and I would not like it to occur again, if possible.

In addition to this loss of more than a million dollars incurred by the government, the Department of National Revenue lost a further amount of $6,000 after deductions; the provincial treasury experienced a loss of about $15,000; and what seems to me somewhat difficult to understand, Mr. Chairman, is that the company that went bankrupt two days after the collapse of the widened wharf left a considerable list of creditors. I have the list here. It contains five full pages of people claiming the amount just mentioned. Moreover, what seems to me unaccountable is that, according to my information, last year this company obtained contracts for about a million dollars from the government of Newfoundland, and for many hundred thousand dollars in the province of Ontario. This seems to jibe, for most of the creditors on the list are from Newfoundland and Ontario.

I know some of the people in the Riviere du Loup district, Mr. Chairman, who certainly cannot afford to lose the money due to them. I have been told that the subcontractors have sent in their statements to the department. Unfortunately, I understand the government's policy, and I know that the government has no responsibility as regards subcontractors, but only to the main contractor. However, I am stressing the fact that steps should be taken to ascertain the solvency of companies to which quite imposing contracts are being awarded by the Department of Public Works.

There is also another point upon which I want to draw the attention of this house. The company to which I referred did not start to operate in Canada before November 1951, and its incorporation, according to the information I obtained from the Secretary of State, dates from February, 1954. It is, therefore, obvious that when the company was awarded the contract for a wharf at Riviere du Loup, it was already in financial straits. It shows how important it is for the government to enquire into the solvency of firms to which contracts are awarded.

I hope, for the benefit of the working people of the district, that they will be able to resume work as soon as possible, and that the government will make it possible for those subcontractors to recover some of their losses.

I have only one more word to add, Mr. Chairman. I see from this year's estimates that a considerable amount of money is being allotted to Quebec harbour. I feel very happy about it. Quebec harbour is one of the largest in this country. All the largest trans-Atlantic ships bound for the old country pass through it.

Adequate repairs were long overdue on the wharves along our harbour, as these wharves had become to a certain extent like the rivers I mentioned, a disgrace for the harbour of Quebec, one of the oldest in Canada. I should like the hon. minister, or his parliamentary assistant, to tell me whether repairs are to begin soon, because in some districts of Quebec, particularly the one I represent in this house, the unemployment situation is rather alarming. I trust also that the hon. minister and his parliamentary assistant will accelerate the work being done on those wharves and make sure that repairs are carried out as fast as possible, not only to improve the harbour of Quebec and help the economic situation in my city, but, more important still, to provide necessary jobs for workers badly in need of them.

Mr. Bourget: Mr. Chairman, I wish to answer briefly my hon. friend from Quebec West (Mr. Dufresne) and to congratulate him on the way he has conducted his argument. Frankly, he has been more reasonable this year than in past years. Perhaps he is improving from year to year!

Mr. Dufresne: I have changed my method to see if it would get better results.

Mr. Bourget: I think that he has proved in this way that he agrees, to a certain extent, with the policy we have followed.

Mr. Dufresne: Mr. Chairman, I rise on a point of order. I see that my hon. friend seems to try to anticipate the meaning of my words. I never stated, under any circumstances, that I was supporting the government's policy. Besides, it seems to me that the speeches I delivered in this house speak for themselves, and point to the contrary.

Mr. Bourget: Mr. Chairman, that is not what I meant and, naturally, we don't expect the hon. member for Quebec West to support our policies. However, I wanted to point out that I based my statement on what he said this morning, i.e. that we should put aside the question of "jurisdiction" or responsibility, and set an example. If I remember correctly, when he dealt with the same topics last year, he said the matter was one of federal juris-

diction. That is why I took the liberty of saying that he now seems to accept our point of view.

Mr. Dufresne: Mr. Chairman, I would like to set a matter straight. At the beginning of my remarks, while speaking on the matter of jurisdiction, I stated that there did not seem to be unanimity of opinion on this point. However, speaking for myself, I believe that the St. Charles river, which is navigable practically all the way, comes under federal jurisdiction, and I stand my ground.

Mr. Bourget: At any rate, Mr. Chairman, we are not going to discuss this angle during the whole afternoon. But if my hon. friend wishes to revert to the matter of the sanitation of the St. Charles and Lairet rivers, I shall not repeat the arguments we put forth last year in that connection. However, my hon. friend must have noticed, as I have, that even in the city of Quebec there are people who share our point of view in connection with jurisdiction. In fact, my hon. friend must have read the item published in *l'Action Catholique* of March 23 last, entitled "The Problem of the Lairet river". There was some reference in this article to a forum held in Quebec city, where the chief topics under discussion were the causes of the contamination of the Lairet river, and its consequences from a sanitation point of view, together with the means that should be taken to remedy the situation. In addition, I wish to draw to his attention an important fact, which shows that we are right; as the outcome of that debate, the conclusion was arrived at that the sanitation of the Lairet river was a municipal responsibility.

Mr. Chairman, I sympathize with the people of that district who are forced to put up with those foul smells, but my hon. friend must admit that is not a matter within our jurisdiction. He very well knows, especially since he comes from the province of Quebec, that this subject is quite "touchy" in our part of the country.

Many times, he has charged the federal government with encroaching upon provincial autonomy. Well, I hope that once and for all he will understand that such a situation is not due to a lack of co-operation on the part of the federal government and, I insist on that point, I hope that he will no longer charge the member for Quebec East (Mr. St. Laurent), who is the right hon. Prime Minister of this country, with indifference since, at all times we have shown our good will by trying to help, as much as possible within our means, in furthering works which were necessary for the improvement of certain conditions not only in the province of Quebec but in the whole country.

As far as the St. Charles river is concerned, my hon. friend says that it is navigable. Even if we admit this, Mr. Chairman, I must say that since my appointment as a parliamentary assistant nearly three years ago, I do not remember any occasion where the department has received requests for improvements there pertaining to navigation. And this is the only field where our jurisdiction extends. I do not believe that my hon. friend for Quebec West could remember any request made to the Department of Public Works for the improvement of navigation on St. Charles river. Well, I hope he will stop blaming us. I can understand his request but I urge him to send it to the proper authorities.

It is not for me to decide whether it is the city of Quebec or the province which has jurisdiction in this field but I know very well that the question is not our responsibility. I therefore do not see why the hon. member insists on bringing up this problem even when the people concerned recognize that the question comes within the jurisdiction of the municipal authorities.

Mr. Dufresne: Does the parliamentary assistant share the opinion that the matter comes within municipal jurisdiction?

Mr. Bourget: As I was saying just now, it is not for me to say who is responsible, whether it is the city or the province. These are sanitation works which come under the jurisdiction of municipal or provincial authorities, but not under that of the federal government. I am also convinced that my hon. friend would be among the first to disapprove if we undertook works which do not come under our jurisdiction.

The situation seems clear to me. I do not know if I am putting it clearly, but in my own mind, at any rate, everything seems quite clear. As recently as yesterday evening, my hon. friend abstained from voting on second reading of the bill amending the Trans-Canada Highway Act. Why? I hope that he will not insist on that point. About the St. Charles and Lairet rivers we are in no position to do anything at this time. While I am no constitutional expert, I fail to see

that the federal government has any responsibility whatever in this matter. I hope therefore the question will be considered settled once and for all.

My hon. friend also spoke about—

Mr. Dufresne: Would the parliamentary assistant allow me a question?

Mr. Bourget: Of course.

Mr. Dufresne: I have no intention of dealing with the constitutional question, but may I be allowed to offer a suggestion?

The federal government often makes grants here and there, to the city of Ottawa, for instance. I wonder whether it would not be possible to do as much for the city of Quebec, in consideration of the large amount of tax-exempt federal property to be found there?

Moreover, the federal government could specify that the amounts so granted should be used for the deepening, not the sanitation, of the St. Charles river. The question of sanitation concerns the Lairet river, but the matter of deepening concerns the St. Charles river. If the St. Charles river were deepened, though it may not please my hon. friend, it could remain navigable as it once was, on its whole length, as my hon. friend well knows who is perfectly familiar with its history. Some years ago, the St. Charles river was navigable but is no longer so because it was completely neglected, nobody knows why.

Mr. Boisvert: That is not a question, it is a speech.

Mr. Dufresne: I am here to make suggestions. If it annoys the hon. member for Nicolet-Yamaska (Mr. Boisvert), it is of interest to the city of Quebec, his home town. Anyway, he could busy himself with something else. However, my concern is with the city of Quebec.

Mr. Bourget: Mr. Chairman, if the hon. member for Quebec West wishes to offer suggestions or to request grants, I do not think he is now appealing to the proper department. He could make his suggestions to the Minister of Finance (Mr. Harris) when his estimates are taken up. As far as our department is concerned, I do not think that we could grant subsidies to the city of Quebec for such works. However, I do not object to taking the matter up with the minister after consideration of the estimates, but I do not believe we could grant such subsidies.

My hon. friend also dealt with another matter, i.e. the contract awarded the Marples Ridgway company for the Riviere du Loup wharf.

Well, my hon. friend knows that in every case when we award a contract we do it by open tender and that the contract is awarded to the company with the lowest tender.

In the case of the Riviere du Loup wharf, the contract was awarded in 1954 to the Marples Ridgway Company Limited. I think I am safe in saying to my hon. friend that all necessary precautions were taken before the contract was awarded, both from the point of view of the financial responsibility of the company and that of its technical ability to do the job. Moreover the minister was telling me a moment ago that Marples Ridgway Limited had previously done some jobs to the satisfaction of the department. It is only after these precautions had been taken that the contract was awarded in 1954, to the amount of $295,253.

On December 2 the foundations collapsed.

Mr. Dufresne: Was there not another amount later on?

Mr. Bourget: No.

Mr. Dufresne: The following year?

Mr. Bourget: I am told there was not.

On December 2 the foundations collapsed on an average depth of 4 feet, not 12 or 15 feet as my hon. friend has indicated. According to the reports which came to the department, the collapse occurred on an average depth of 4 feet—it may have been more at certain points but the average was 4 feet. On December 5 the company went bankrupt. Works and payments were stopped then.

Mr. Dufresne: The work was not completed at that time?

Mr. Bourget: No. I wish to point out to my hon. friend that the work was not completed at that time. While the total amount of the contract was 295 thousand and a few hundred dollars, as provided in the original contract, the value of the work carried out by the time it was stopped aggregated $240,375.26. So far, the company has received in payment the sum of $196,021.92. There is therefore a balance of $44,353.34 still due for work carried out by the company. Moreover, there is a retention of $21,545.13 on this payment, and we have also kept the security deposit furnished with the tender,

which amounted to $27,500. Therefore we still have a total of $93,398.45 for paying the creditors and completing the work.

We are just now investigating the cause of this collapse, and, at the same time, considering how we should go about completing the project. As I have been told this morning, we also are considering the claims submitted to the department. The claims received to this day amount to $19,562.05.

I now want to tell my hon. friend that it is not only because of the contract carried out at Riviere du Loup that the company went into bankruptcy, but following its operations throughout the country.

Now I do not think it could be said today that anybody lost any money, because, as I have stated before, claims are now being investigated and, moreover, we have in hand an amount of $93,398.46.

I hope I have given my hon. friend all the information he needs on the question that was discussed this morning.

Mr. Dufresne: Will you allow me a question? With regard to those nineteen thousand and a few hundred dollars—

Mr. Bourget: Would my hon. friend allow me to clear up a point. About the Newfoundland contract, I must tell him that it is not under the jurisdiction of the Public Works Department or, indeed, of the federal government—I mean the contract that Marples Ridgway Limited had in Newfoundland.

Mr. Dufresne: That is all right, and I want to draw to the attention of my hon. friend that I had not specified that it was a federal government contract. Would my hon. friend tell me if a decision has been reached with respect to the vote of $19,562.05 which we are now considering? I have not been told if such a decision has been reached. Have the subcontractors who claim this amount any hope of being paid to that extent?

Mr. Bourget: As I said before, the claims we now have under consideration amount to $19,562.05.

Mr. Dufresne: Have the claims been paid?

Mr. Bourget: No final decision has been reached yet in this respect.

Mr. Dufresne: The parliamentary assistant to the Minister of Public Works will recognize that with a $638,000 bankruptcy, even if the government holds $93,000 to pay the creditors, it does not represent much in the dollar for those who have to take a loss.

[Mr. Bourget.]

Mr. Bourget: I wish to submit to my hon. friend that this is not the fault of the Department of Public Works.

Mr. Dufresne: I do not blame the federal government. I only recommend that additional measures be applied, apart from those mentioned by my hon. friend, in order to prevent the renewal of such deplorable actions.

(Text):

Mr. Herridge: I crave the minister's attention for a microscopic portion of time as compared with the previous speakers. I rise only because the minister has maintained a quaker-like silence with respect to my representations under the first item. I wish to bring to his attention again the fact that there was a considerable staff in the Nelson district years ago and that in recent years the department has been satisfied with a clerk of works. Now there are current rumours that the office in Nelson is going to be disposed of.

I have been asked by representative organizations and people to point out that there is a greater need now for the maintenance of the office in Nelson than at any time in the riding's history, owing to the large industrial and other developments. I do urge that before any action is taken in this direction the minister have the question thoroughly reviewed and the situation understood.

Mr. Winters: I can answer that right now. The district office at Nelson was closed in 1923 or 1924. All of British Columbia is looked after through the Vancouver district office. We have a maintenance supervisor residing at Nelson and reporting to the district engineer at Vancouver, and there has been no suggestion that this office be closed, in so far as the maintenance supervisor is concerned.

Mr. Herridge: I am very pleased to hear that, because it is more than ever necessary that the department have a representative on the grounds in the district.

Now I should like to know the minister's reaction to my proposal that the department would loan its dredge and give some advice as to where to locate the wharf at Brooklyn, and what it would be willing to do with respect to a community effort to construct this wharf.

I am going to consolidate my few remarks in order to save the time of the house. I

want to say a word or two about the Navigable Waters Protection Act. I understand this act has been on the statute books for many years and that there are two departments that have responsibility for administering the act: the Department of Public Works and the Department of Transport. Judging from my experience and observations in recent years, the act needs a thorough overhauling because changed circumstances and developments have created new problems. I find on some occasions there is some doubt as to the jurisdiction of the various departments.

I understand that the Department of Public Works builds the wharves and then hands them over to the Department of Transport to administer them; but under certain circumstances such as those existing in a number of places in my constituency I do not think the present procedures are satisfactory. That is why I suggest that there should be an overhauling of the act. I know it is not possible for the Department of Transport to have sufficient representatives to oversee the damage to all wharves at all times. On that account there are violations of the law, and sometimes there is damage to wharves that is not reported for some time. I can think of wharves at the present time as to which, if the damage had been reported as soon as it occurred, the cost of repair would have been considerably lessened.

That is why I suggest there should be some change in procedure. I suggest that in isolated districts it would be wise to make some provision for the R.C.M.P. to supervise and keep an eye on wharves and public facilities of that sort, and that in other more isolated districts it might be wise to get the postmaster to report to the Department of Transport. I think that sort of thing is required.

I have one other suggestion to make with respect to the Navigable Waters Protection Act. From my personal observation the section of the act that has to do with pollution of navigable waters by sawdust, slabs and things of that sort has not been enforced throughout the years. That was not a serious problem when we had only a small amount of industry in the district, but I think those sections of the act should now be enforced. Even in recent years I have seen large areas of our lakes covered with a coating of sawdust that has been dumped in the lake by sawmills; and in recent years I have seen large areas of the lake covered with slabs which are a hazard to navigation, particularly to small boats.

I suggest that some consideration should be given to co-operating with the provincial game department of British Columbia. The provincial game department have tried their best throughout the years to enforce the provincial laws having to do with the pollution of waters, particularly pollution by sawdust, slabs and things of that sort. So far as the Department of Transport is concerned, I think it has been completely dormant. With the great increase in industry and therefore the greater damage that might be done to our fish and the greater hazard to navigation, particularly to small boats, I suggest that this section of the Navigable Waters Protection Act should possibly be revised and that arrangements should be made to see that it is enforced to the public good and common advantage.

Mr. Enfield: While we are on this item 365 relating to the general administration of harbours across the nation, there are a few remarks I should like to make about the policy of administering the expenditure of money in a particular area, namely in the Toronto harbour area. In talking of the Toronto harbour commission and about harbours generally I realize that there is a certain amount of overlapping as between the Department of Public Works and the Department of Transport. What I have to say will, I think, be of interest to the minister, and perhaps the suggestions I have to make may in time bear some fruit.

We have in the city of Toronto a harbour commission which administers the expenditure of money from the department. I think this year we have some $300,000 in the estimates for the Toronto harbour commission. It is composed of five members, one of whom is appointed by the federal government. The Toronto harbour commission has, as I say, responsibility for the works in the Toronto harbour, but they are strictly confined to Toronto city. As all hon. members know, we now have superimposed over the whole of Toronto metropolitan area an organization known as the metropolitan Toronto corporation. Its responsibilities cover all aspects of existence and life in the metropolitan Toronto area, including transport and allied matters. At the same time the Toronto harbour commission which administers the funds provided by the Department of Public Works still has within its jurisdiction only the now narrow confines of the city proper, the old city of Toronto.

The area, as we know, contains about 1¼ million people—that is the metropolitan area—and it has a vast potential in so far as its extension and expansion is concerned. The lake front, for example, of the metropolitan area is some 28 miles in length, only a small part of which covers the actual city of Toronto area. It has been my view for some time now that the harbour commission's power should be extended to cover the whole 28 miles of lake frontage. In other words I feel that we should have a metropolitan Toronto harbours commission.

My reasons are as follows. First, we can expect a great increase and development in the use of the metropolitan Toronto lake front. I know the expansion we expect through the St. Lawrence seaway will not have a terrific impact on all 28 miles of lake front, but my point is that if we are going to develop that harbour properly, if we are going to take full advantage of any expansion that might come about, then the Toronto harbour commission should at least have jurisdiction to look at and examine the whole 28 miles of lake front area—because there is no telling just what might be done best to develop that area—rather than be confined merely to the narrow city bounds.

For example, we have heard many rumours—whether or not there is anything in them I do not know—that the area around Port Union which happens to lie in my constituency provides somewhat better natural harbour facilities than does the city of Toronto harbour. It might well be that the Toronto harbour commission should be looking at that as an alternative to spending more money on developing to a greater extent the harbour that we have at present. In my opinion, Toronto harbour is not a particularly good natural harbour.

There are other navigational difficulties which face the Department of Public Works and which dictate a broader scope for the harbour commission. That is my second point. I am thinking of the dredging work they carry on. A great part of this $300,000 which we will see later in the estimates is for dredging work that has to be carried out annually in the Toronto harbour. Each year silt is deposited in a particular part of the harbour called the eastern gap, which is an important entrance to the harbour. That requires the constant expenditure of money to keep it clear for shipping. I remember that Professor Griffiths Taylor, a rather famous geographer at the University of Toronto, had a favourite theory based on what I think were good grounds, namely that the silt that plugged up the eastern gap was carved by the lake currents from Scarborough Bluffs.

You will see now, Mr. Chairman, that I am getting down to a rather selfish part of my representation. It can easily be argued, Mr. Chairman, that the silt from Scarborough Bluffs which is taken by those currents and dropped off in eastern gap, thus creating a difficult situation in Scarborough, is part and parcel of the same problem. We in Scarborough have been making representations for many years now to the effect that the federal government should assist in doing something to help stop the erosion of Scarborough Bluffs, and at great risk I again raise the question in this connection.

Mr. Barnett: Scarborough Bluffs all went into the lake last year.

Mr. Enfield: One hon. member says that Scarborough Bluffs all went into the lake last year. May I say that there is one Scarborough bluff left over, in any event, and I am here endeavouring to do my best to explain the problem to the house.

Mr. Hamilton (York West): There are quite a few other bluffs around.

Mr. Knowles: You are not all wet yet.

Mr. Enfield: Up until now our representation has fallen on deaf ears as far as the Department of Public Works is concerned, and perhaps rightly so. They look upon it as a local matter affecting private property in the province. I believe, however, that on my explanation, we can find good legal grounds for bringing it within the jurisdiction of the federal government by relating it to the expense of maintaining the harbour of the city of Toronto.

I believe there are several spheres of activity of the Department of Public Works, for example along the St. Lawrence river, where they built retaining walls to stop the banks from caving in, which would justify my submission. The department justifies this work on the basis of assistance to navigation and the fact it is necessary to maintain good navigational conditions in the river. I believe that on that basis we can make a good case to bring the problem of Scarborough bluffs also within the jurisdiction of the federal government. It is that point I want to make for the minister's consideration.

There has been some concrete work done on this problem. The residents, in co-operation with the township of Scarborough, have built what they call groynes which extend out into the water and help stabilize the shore line. The groynes go out some 50

to 60 feet into the water and are about one and a half feet wide at the top, in the shape of an inverted T. They are not very expensive. I think the cost of installing one groyne is approximately $6,000. Actually, if we had about 10 or 15 groynes constructed at the present time, it would go a long way towards assisting in this present problem, the problem being that houses along the bluff are falling into the lake as a result of the constant erosion that is taking place.

I think, Mr. Chairman, that outlines the problem as far as I can at this time. I think it would be interesting to hear from the metropolitan Toronto corporation itself as to its attitude towards the extension of the Toronto harbour commission to cover the whole of the metropolitan area. I believe it is as certain as I am standing here that if we do not look ahead and take cognizance of the problem that will arise in the future development of this area, and take steps to organize and prepare for it now in an effort to take full advantage of the potential development, we are going to regret it.

Mr. Murphy (Lambton West): I can understand, after hearing arguments from all sides of the house, that the minister must be a no man as well as a yes man. What I have to say in connection with this item 365 concerns an administrative problem of which the minister is aware but I think we should put it on the record because there have been other arguments made respecting proposed changes in the act. I am none too familiar with the act but I know the minister and his departmental officials are familiar with it so I am just going to relate the circumstances which I believe justify my suggestion that the act should be revised, and without delay if I may be so bold as to say that.

I believe the minister knows what I have in mind so I shall be as brief as I can. Within about 10 miles of Sarnia, in fact near my own place, Mr. Chairman, we have what is really a river. In the summer it plugs up with about five or six feet of sand. Going back a few years the departmental engineer in London had pictures taken of the mouth of the river showing the quantity of sand which prevented the flow of the water into the lake. This resulted in the water backing up and flooding the land. As a matter of fact at that particular time it was necessary for the farmers who grew sugar beets to ship by rail instead of by truck because of the nematode disease. The truck method of shipment would be apt to spread the nematodes to other areas. I quite appreciate the minister's attitude because, after all is said and done, he must interpret the act as it is drawn, with all its various amendments, and for that reason I am suggesting a change.

Some time last year the township council started a project of building groynes on either side of this river projecting into the lake in order to stop erosion and make a harbour for fishing boats and other craft, including tourist boats. I might say that never before in this house have I asked for one penny that was not for a self-liquidating project. I do not think it is fair for any member in the house to ask that money be spent here and there, because after all it is the taxpayers' money. If the time comes when the labour situation becomes worse, I know there will be a flood of public works by the provinces, the municipalities and the federal government in an endeavour to take up the slack.

Now, this would be a self-liquidating project. As I understand it, the act does not authorize the minister to give the council a permit because they have already started this project by installing groynes which are too short. They do not go out into the lake far enough to give protection to the boats. Inasmuch as the council has already started the work, I understand from the minister that he cannot give a permit to complete the work. I think, as I have explained to the minister, the council would like a permit in order to get some financial assistance. I am going to be frank about that. Without a permit they cannot get it. If the act is so rigid, and so ancient there is no leeway in a matter that does not involve a principle to any great extent and which would afford a great deal of relief to those people who live along the shore, including the fishermen, then I hope the minister's advisers will consider an immediate revision of the act. In the past people who have started such projects have somehow or other obtained permits. In many cases they did not even get permits, but if they wanted to get provincial assistance I think it was necessary for them to get a federal permit and comply with the act.

Now this Navigable Waters Protection Act is a federal matter, and we are concerned about it. We are concerned that the procedure be legal. There are other groynes along the lake. If the project could be completed it would afford the fishermen along there a measure of protection. God knows they are hard enough up today owing to the lamprey menace. If the project could be completed some of the fishermen could find refuge in this particular area for their fishing craft. That in itself is something worth while.

With respect to the other matter I mentioned a minute ago, we are not very far from

Detroit. As I said earlier, it would be a self-liquidating project. I can safely say to you, Mr. Chairman, and to hon. members, that if we could get a permit it would afford many people from Detroit the opportunity to anchor their boats or yachts, as the case may be, and provide us with a considerable amount of United States dollars. As hon. members know, our tourist business has not been too bright in Canada. It has been rather one-sided. I am not going to deal with it because it does not come under this particular item. I simply mention it because, as I said, this would be a self-liquidating project. I am hoping that the minister will seriously consider it this year in time to have the act amended before the session closes, so the permit can be granted and the work completed by fall because there is a fishing season in the fall as well as in the spring.

I do not intend to take up a great deal of time on this item. Unfortunately I was away the other day when an item respecting the federal building in Sarnia came up. If the minister will comment on it I shall be glad to hear him.

Mr. Winters: Mr. Chairman, with respect to the Navigable Waters Protection Act, I can only say that there is an amending bill which has already been introduced into the other place. I presume it will be dealt with in a short time and then come before us for consideration. I am not sure it will go as far as the hon. member would like, in line with what he said just now, but it will certainly give us much more authority to deal with the type of project he has in mind than the present rather inflexible statute. I do not think, Mr. Chairman, it would be proper for me to discuss beyond that a bill that is in the other place now.

Mr. Murphy (Lambton West): Would the minister like to comment on my last sentence? I know I am out of order, but I refer to the federal building in Sarnia.

Mr. Winters: I think that is a matter under a building construction vote, Mr. Chairman. It would be going rather far afield to comment on it now. I will speak to the hon. member privately, or if he will seek another opportunity to bring it up I shall attempt to deal with it.

Mr. Hahn: Mr. Chairman, earlier today one hon. member suggested that he would take only a miscroscopic bit of the time of the minister and the committee at this time. I do not intend to make that same promise, but I do have three problems, and I should like to bring them to the attention of the minister and ask him to comment if he has any information to give with respect to them.

[Mr. Murphy (Lambton West).]

The first is the question of the breakwater that was built at White Rock in 1953. Undoubtedly that breakwater had a purpose when it was built. I am satisfied that the people in the White Rock area are wondering now what that particular purpose was, because apparently it is not doing the job it was intended to do. For instance, I have the report of the board of trade of White Rock. It is not too long, but I do not intend to read all of it. It reads in part:

> The following list comprises owners of boats that would anchor at White Rock if suitable protection was available. The boats are now anchored at Blaine, Washington, New Westminster and Vancouver.

The list consists of some 40-odd names, some of which the minister and one of which the committee will recognize. The report closes with these two sentences:

> The Semiahmoo yacht club of 150 members has approximately 40 boats under construction or on order from manufacturers.

This is over and above some 50 or 60 boats and owners that are listed. I continue with the quotation:

> During a storm in October, 1954, five craft that were moored behind the breakwater were severely damaged due to the inadequate protection and two boats tied to the float had to be moved as water was too rough.

The report is signed by L. Young and O. Matt. It does seem to me that a breakwater which cost us well over $100,000, as I understand it, was intended to give boats that would moor behind it some measure of protection. I am not blaming the minister, but possibly sufficient foresight was not taken. Was it the intention to follow up this particular structure by adding more to it or do some other engineering work within the region to afford the boat owners the protection they have the right to expect? It does seem to me most unfortunate that they have to moor their boats at Blaine, Washington, at New Westminster and at Vancouver harbour, particularly in view of the fact that the locality concerned is a summer resort, and many people like to leave their boats there during the summer months and in the fall season as well, and use them whenever they are needed.

I should like the minister to comment on this question and outline to the satisfaction of myself and the community the intention of the department with respect to this particular breakwater. Is it the intention to leave it as is and say, "Well, we put so many thousand dollars down the drain"? Is it the intention to carry on and do something specific with it? What are the plans? I do not think sufficient thought was given at the time

the breakwater was put in to warrant the expenditure at that time unless something further was intended.

I have two other questions that relate to another locality. I mentioned one on an earlier occasion. I refer to the protection required by those who own homes in the Beach Grove area along Boundary bay. The wind and the tide come sweeping across the bay and, in the winter months particularly, wreak a great deal of havoc on the homeowners in that locality. All that the citizens in that community ask at this time is that departmental officials be sent out to assess what needs to be done in the area and make certain recommendations. Have recommendations been made to the department in this respect? Perhaps the minister can inform the committee whether it is his intention to have anything done in that particular region.

I have one other problem. I brought it to the attention of the minister earlier in this session. I refer to the question of rocking at Canoe pass. The river is working toward the banks of the dikes, and it would require an expenditure of some $12,000 to finish that part of the Fraser that was not done following the floods of 1948 and 1952. As I explained earlier, the cannery which was located there has been torn down, which makes it possible for this work to be done. Those are the three specific problems other than the major one with which I have dealt many times, the harbour at New Westminster, with which I do not wish to deal at this time.

Mr. Winters: Mr. Chairman, with respect to the breakwater at White Rock, I understand that is a very old structure.

Mr. Hahn: It was built in 1953, just prior to the election.

Mr. Winters: There must be another one, then. The one I have in mind was built some time around 1902. I thought my hon. friend was asking me to tell him what the department had in mind when that breakwater was built. If that was his question I simply cannot give him an answer to it.

Mr. Hahn: I was interested in the one built in 1953.

Mr. Winters: I will have to look into the breakwater which he says was built in 1953. We have no plans for doing anything further on it at the present time. In connection with Boundary bay and Crescent beach, the situation there—

Mr. Hahn: Beach Grove, not Crescent beach.

Mr. Winters: I have no knowledge of any project at Beach Grove. I have some knowledge of the requests made at Crescent beach.

Mr. Hahn: Perhaps I could explain that a bit further. There is no project at the Beach Grove area at this time. The Americans directly to the south of us have a retaining wall to the boundary but we have no protection for the Canadian home owners in that area. The resort is being used much more than it ever was, and the fact is that there is quite a growing community in the area itself. There are well over 300 residents at the present time. They would like some assessment of the situation and possibly an arrangement whereby they could even share in it to give them the protection they feel they have a right to expect, similar to the protection their American friends have directly to the south.

Mr. Winters: So far as I know that is entirely a local and provincial responsibility. I do not know of any protection that is required because of navigational interests, and there is no federal responsibility that I can determine.

Mr. Hahn: Would you care to comment on the rocking at Canoe pass directly opposite Westham island? The project is incomplete.

Mr. Winters: We will have to study that. We have no project there now, Mr. Chairman.

Mr. Hamilton (York West): Mr. Chairman—

Mr. Hahn: I take it that the minister and his staff will study it.

Mr. Hamilton (York West): Mr. Chairman—

Mr. Goode: Mr. Chairman, may I ask one short question in connection with the speech made by the hon. member for New Westminster. I wonder if the minister will now refer to his officials the matter of the Steveston fish harbour. Will a drain be constructed there?

Mr. Winters: I have a note on that here. That is the Steveston cannery channel?

Mr. Goode: Yes, it is a fish harbour.

Mr. Winters: Yes. This matter has been under study by the fisheries research board of Canada and the Department of Public Works, and at the moment it is under study in the model operated by the University of British Columbia. Many suggestions have been advanced and they are all being tried on the model. This is a much more complicated problem than would appear on the surface, but it is expected that an answer will be available some time this year.

Mr. Hamilton (York West): Mr. Chairman, after my three false starts I was beginning to think there were several other ridings that must have in them some of the bluffs to which the hon. member for Scarborough referred.

As a matter of fact, Mr. Chairman, I had not thought it possible to speak on this item in the terms in which the hon. member for Scarborough spoke. Perhaps he used a bluffing system on the minister in connection with his remarks. It occurs to me, too, that perhaps I may be excused if I deal with the same subject at this time.

Throughout the whole Toronto area we are very much interested at the present time in any plans for development which are going to assist in providing the best inland port that can be found anywhere on the North American continent. I think a word of congratulation might be due to the administration of the Toronto harbour commission for the work that is being carried on there at the present time. I have referred on other occasions to the fact that a great deal of vision is going to be required in this matter or we are not going to keep pace with the development of the shipping which is going to go through the new seaway. We are vitally interested in that. Unless the facilities for handling cargo is improved we are of course going to lose business to other ports.

I say that, sir, because we have a wonderful natural harbour, but I think to a certain extent we are restricted in the dock area we have on the mainland side. I think we will have to look to the future. Although many residents of what is known as our island area would consider it unfortunate if the character of that area were changed, if Toronto is going to develop to its true potential as a result of the seaway it may be necessary for the dockage area to be extended there, too.

While I am on that point I might say that we have heard a lot about the use of the tunnel to the island. I know that the minister will probably say that that is a matter for the Department of Transport and it does not come under his department, but if proper provision is going to be made for the facilities we require then I think the Department of Public Works in liaison with the Department of Transport might go back to the old records somewhere around the year 1911 and look up an undertaking which was given concerning the provision of federal funds for that project. It may be vitally important to the development of that area.

There is one other vital concern at the present time. The metropolitan area of Toronto is a new creation. It is experiencing great difficulty in carrying out all its necessary expansion features. I feel that there may be a slight note of difference of opinion creeping in concerning the administration of the harbour area. I think this is of tremendous importance to the department, because it is spending money to provide dockage facilities.

As I say, there is a slight difference of opinion creeping in, in connection with the administration and the wishes of the metropolitan Toronto area. There is some very valuable property there which if it is not administered in the proper manner may become a blighted area. I think the value of the money that is being put into docks there may be seriously depreciated thereby. I am thinking about the proposed plans for super highways which will run through the area. If some of the plans are approved, then I believe we may find that the area immediately adjacent to the area provided for warehouses and offices for that type of business may become similar to those which one sees in New York, and their real property value would be depreciated.

These problems arise, sir, because there are little differences of opinion in connection with other matters.

Mr. Winters: Mr. Chairman, I wonder if the hon. member would mind if I were to interject at this point. I am sure the hon. member means to be in order, and he probably believes he is quite in order. The actual harbour administration in Toronto is under their own statute which federally is the responsibility of the Minister of Transport. It does not come within the scope of jurisdiction of the Department of Public Works, except to the extent that I am the tradesman who builds wharves wherever I am asked, subject to appropriate approvals. I have nothing to do with the administration and operation.

Mr. Hamilton (York West): I shall be only a couple of minutes more on this. I have attempted to be just as much in order as the hon. member for York-Scarborough. I related my remarks to the fact that the minister is responsible for the spending of this money, and that if in the background there was not close liaison between the Toronto harbour commission and the Toronto metropolitan officials many hundreds of thousands of dollars may be spent without any value being obtained in return.

I shall close this phase of my remarks quickly by saying that these things come up because we may have instances where the harbour commission will license people to do certain things with land, and then there is a throwback in connection with the operation of the immediate area at the dock. The same thing may apply to other remarks I am going

to make, because here again it is an administration item and the minister may very well say that it comes under the Department of Transport.

The metropolitan council has been called upon to pay a quarter of a million dollars for protective work in connection with the harbour police and lifesaving activities in that area. Perhaps the minister will say this does not come under his department, but these things are required because certain facilities have been provided. It always comes back to the same point. I recall what the hon. member for Charlotte said, that when somebody wants to spend money you cannot economize. I always think the only way we will get true economy is to have the people who spend the money collect the money. Until we reach that point in connection with our various expenditures, municipal, provincial or federal, we will always have this situation.

I think the true responsibility is not that of the municipality. A quarter of a million dollars must be spent for this purpose by the municipality when it needs money for the building of schools and other items. This type of protection is needed for facilities provided by the federal department. Taking it from the tax source picture, there just is not a base to provide for it. Whether it is a responsibility of this department or of the Department of Transport, I submit that the time has come for a change in the method of handling these expenditures.

As far as the facilities generally are concerned, I submit that there should be better access provided to the lake. I believe one of the hon. members from a Toronto riding has a question on the order paper dealing with this. There seems to be a continual difficulty in connection with the providing of proper access and the dredging of the channels. If that comes within the jurisdiction of the minister I think he might take a look at the problem.

Mr. Cameron (Nanaimo): Mr. Chairman, I have one or two matters I should like to bring up. I have been badgering the officials of the department about one matter and perhaps I could badger the minister a little bit more in the hope of getting some action. I refer to the breakwater at Northwest bay north of Nanaimo. The department has spent a considerable amount of money there, but I regret to say that it is money down the drain because they have not completed the job they started.

A rock fill was built, and from the end of the rock fill a log boom was placed running to the reef further out in the bay. To my knowledge that boom has had to be replaced twice. It becomes waterlogged and the first storm drives it out, and the whole project is then completely useless. There are a number of settlers with boats in that area. When the log boom was put in it looked as though this would be a safe harbour, and an oil company put in a float and a fish company also placed a buying float in this area. However, they have since been taken away due to the failure of the department to build a breakwater in such a way as to ensure continual protection in that little harbour.

When one looks at the east coast of Vancouver island he might think there were endless safe harbours all the way up the coast. The map seems to suggest that, but as a matter of fact they are very few and far between. After you leave Nanaimo going north there is literally no adequate small boat harbour until you get to Courtenay. There is of course the project which has been commenced at the mouth of French creek, and I see according to the estimates that something is to be done at Deep bay. But these are both in the future. I do not think the French creek project will be of any great importance to commercial fishermen.

It is the commercial fisherman whom I have in mind in connection with the Northwest bay project. I have contacted many of them, and they tell me they had hoped to use this as their seasonal base but found they could not do so. At one time they had hoped that they might be able to use Nanoose bay behind the breakwater, but unfortunately at low water the breakwater encloses only the smallest of puddles in which it would be most difficult to get more than six boats. It is mainly for the protection of the C.P.R. transfer dock for the car barge, but as a small boat harbour it just simply does not exist. I urge the minister to look into this project to see whether it would not provide a suitable site, and complete the job which was begun some years ago.

I should like now to turn to another project which has been in the air for a long time. I had hoped that after the visit of the minister to Nanaimo last year perhaps this would have been gone ahead with. I refer to the assembly dock in Nanaimo. It was perhaps unfortunate that when the minister was there only one boat happened to be at the assembly dock, but I can assure the minister that at almost all times there will be three or four deep-sea vessels lying in the stream waiting to get in to load lumber. I do think this is a project which should be proceeded with. I understand there has been some difficulty with regard to the interest of the provincial authorities, although I have not been able to get to the bottom of that in

my correspondence with them. I should like to see some move made in this connection.

There is another matter in connection with Nanaimo harbour which I think should engage the attention of the department. I have mentioned this once or twice to the departmental officials. I realize it is a rather difficult project to take hold of. I refer to the future of what is sometimes known as Commercial inlet in Nanaimo harbour. Some time ago a commercial firm in Nanaimo began to dump rock in this area. Complaints were made about this, which I brought to the attention of the department, and for a while I believe it was stopped. Now I understand there are plans on foot to seriously consider filling in a large part of this inlet and using it as part of a through highway around the waterfront of Nanaimo. I would urge the minister to look at this project very carefully before giving his consent to any such filling in of navigable waters.

This small harbour could, if properly handled, be not only an extremely useful small boat harbour on the east coast of Vancouver island, but it could also be an extremely pleasant spot there right at the edge of the city of Nanaimo. It comes right up close to the main street of the city. Properly developed, it could become a very pleasant and useful adjunct to that area. It will require, however, to have some dredging of mud; not natural mud but mud that was dumped there many years ago when some building was going on in the city of Nanaimo, when much of it was filled in. There have been a number of illegal fillings in that little inlet, which have been got away with because no one has made a proper formal complaint about them.

I should like to urge the minister to have his department investigate quite thoroughly just what is going on with regard to Commercial inlet in Nanaimo and what plans may have been produced. I have had some sketches sent to me of what is proposed to be done but I have not found out whether or not it is something that has been approved by the federal government—I do not think it has—or whether it is some purely local business firm's scheme. However, it is certainly something that should be looked into before we have the destruction of that little inlet, the complete destruction of something that could be very valuable in that part of the Island. These are matters that I hope the minister and his officials will take under consideration in the very near future.

Just before I sit down, I want to urge the utmost speed in the extension of the dock at Nanaimo because it is very badly needed indeed. I believe the minister himself observed the crowded condition of the present dock when he was there. If he had been there at any other time he would have seen also the crowded condition of the roadstead, with the deep-sea vessels waiting, sometimes for four or five days, to get into that dock.

[Mr. Cameron (Nanaimo).]

Mr. Lusby: I should like to ask the minister for some information with regard to certain matters, or perhaps I should say his views on a certain matter. I think my inquiry can properly be made under the present item. It relates to the proposal for re-establishment of a ferry service across Minas basin in the province of Nova Scotia. I think the minister has a considerable knowledge about the proposal.

Going back a little, I might say that there was a ferry service across there previous to the early 1940's. It was operated by the Dominion Atlantic Railway, a subsidiary of the C.P.R., with the assistance of a comparatively small subsidy, later discontinued, from the federal government. At that time the ferry operated between three ports, Wolfville and Kingsport on the southern side of the basin, and Parrsboro, in my constituency, on the northern side of the basin. At each one of these ports there was a wharf which, in addition to being used by the ferry, was used for general wharfage purposes. The subsidy, as I say, was discontinued in the early war years, and consequently the ferry service was discontinued. There is now a strong movement on foot, both in my constituency on the northerly side of the basin and in the Annapolis valley region on the southerly side, for the re-establishment of a ferry service.

Under the old service the ferry could operate only at the top of the tide, and the tide there has a rise and fall of some 30 feet. It is felt that under present conditions a ferry which could operate only once a day would not be adequate and would not by any means fill the need that exists. It has therefore been proposed that a shorter route be established between West Bay, which is just outside Parrsboro, across to a spot called White Waters, which is near famous cape Blomidon on the other side of the bay. Perhaps I should say it is really the Minas channel. The distance is approximately 7 miles, and the ferry could probably shuttle back and forth at intervals of two hours. However, in order to do so it would be necessary to have terminals extending out far enough to afford deep water at all stages of the tide. As the minister knows, a fairly strong movement is afoot of late for the re-establishment of this service.

Of course, the two termini that are now suggested are in the province of Nova Scotia. The ferry does not fall within the category of an interprovincial ferry or one operating

between Canada and some other country. Therefore, of course, certain questions of jurisdiction arise. The cost of the terminals would undoubtedly be very considerable. I believe there have been some estimates made, and they run as high as $2 million.

It should be pointed out, of course, that if these terminals were constructed they would also serve the purpose of general wharfage for general shipping. I should like to ask the minister, in view of the fact that this ferry would be operating between two provincial points; yet having in mind, of course, the fact that these wharves could be used for general purposes; and having in mind also the fact, which I think is true, that such a ferry would be of very great service to both the areas on the north side of the basin and those on the south side, would the minister give us his views briefly with regard to possible federal participation in such a project, particularly with regard to possible participation in the cost of building these terminals?

Mr. Winters: I am well aware of the interest of the hon. member for Cumberland in this project. In fact I think he has been one of those who has endeavoured to co-ordinate the actions of other people who are interested in restoring the service that was at one time provided by that ferry, namely the *Kipawo,* which was discontinued during the war.

The situation is as the hon. member has stated it; that is, it is an intraprovincial operation, and therefore the federal government's interest is not a prior one. The tides in that part of the country are very extreme, and to build wharves that would enable this ferry to operate at any time of the day on a regular schedule would be very expensive indeed, running to something of the order of $2 million, as the hon. member has suggested.

I understand that the particular ferry the local citizens have in mind could be had for something of the order of $60,000, and that they are contemplating a subsidy from the federal government to operate it economically. The federal government normally tries to consider projects of this nature in the light of an investment from which there is some prospect of having a return flow to the taxpayers of the country.

The committees that have been formed have written me on various occasions. In each instance I have asked them if the provincial government has indicated that it is prepared to sponsor such a project and to what extent it is prepared to participate in it. I have stated my views as well as the position the federal government must take in the light of the fact that this would be an intraprovincial ferry. I have not heard the views of the provincial government expressed, nor have I any idea of the extent to which it is prepared to go into a project of this nature. I am afraid that until we do, and until we have had some request made of us through some official channel by the provincial government, we cannot contemplate undertaking expenditures of the order of magnitude involved.

Mr. Bell: I should just like to add a few words, perhaps by way of advice to the minister and his department. I respectfully suggest that the minister and his department should reappraise their policy with respect to breakwaters along our coast. Two or three years ago there began at Lorneville the construction of a small breakwater which was to greatly benefit the fishermen. But through a tragedy of errors—lack of co-operation between the engineers of the department and private engineers, lack of acceptance of advice in the area, and various other reasons—there grew what we know down that way as the fiasco at Lorneville.

I have been all through this matter with the minister and I do not wish to carry on any further with it, except to say that now in the new breakwater or the new work that is being carried on at Negro point we fear—and a great many people around that area are of the same opinion—that we are getting into the same piecemeal, broken-up mess. They come along with their plans for this breakwater. They add a few more rocks and a little bit is carried on further. I do not know for certain whether the engineering department are in with definite plans in this respect.

I suggest to the minister that there is definite need for a policy with respect to these breakwaters. The minister and his department should decide—I have no quarrel with where the decision to build those breakwaters should come from—the ones that are necessary in order of importance, stick by their decision and carry through in an efficient manner and build them. Otherwise I can say without any fear of contradiction that there is a complete lack of confidence in the policy of the department with respect to these important wharves and breakwaters that are necessary to our fishermen. I merely leave that suggestion with the minister and his department. I may have something to say on particular items later, where I think the minister will probably agree many of these matters should be brought up.

Mr. Hees: When this item was opened up the minister read to us the latest instalment in that comedy of errors known as the Port aux Basques harbour fiasco, and he told us the government has decided to go ahead and

build the breakwater to take the place of the natural breakwater which was by error blown up and destroyed.

Mr. Winters: That is not correct. I think the hon. member knows that.

Mr. Hees: Mr. Chairman, I am going to ask the minister if he would perhaps give us some information that we were not able to get last year. Last year it was really impossible to get much information on this sad story because the Department of Transport and the Department of Public Works were passing the buck back and forth, and were recommending that we speak to each department at different times. It was therefore extremely difficult to get information.

Mr. Winters: He makes up a good story, this man.

Mr. Hees: As this sad story is a year older now, perhaps the minister can tell us more about it this afternoon.

Mr. Winters: If you stick to the facts, I will.

Mr. Hees: I should like to know why that original natural breakwater was destroyed. It was destroyed against the advice of people who had used that harbour in Newfoundland for many years. The minister shakes his head. May I tell him that he has a great many people in Newfoundland to convince that his story is true. The story I have heard time and time again in Newfoundland, when I was there—

Mr. Winters: I will tell you one thing. You did not convince many people in Newfoundland.

Mr. Hees: We are not doing badly, Mr. Chairman.

An hon. Member: How could you do any worse?

Mr. Hees: Certainly the government has won no friends and certainly it has made itself a laughingstock in Newfoundland over this comedy of errors, this fiasco that I am talking about. I can tell the minister this. When he next goes out there, if he is in a group of people and things are lagging a bit—suppose conversation is a bit dull—all he has to do is to mention Port aux Basques harbour and the ferry and the place will be filled with laughter in no time at all.

Mr. Winters: I can get a laugh easier than that.

Mr. Hees: They cannot understand how the federal government could have made the number of errors it made; blowing up the natural breakwater and now finding that they need a new breakwater; putting one back; creating a scale model in order to learn what the people in the area could have told them a long time ago. If these statements are not true then I should be glad to hear about it from the minister, but they have been repeated over and over again to me by people in Newfoundland. To them it is almost unbelievable that so many mistakes could have been made by one group of people on one project.

Now almost a year has passed since we were here last year and were unable to get the story of why this breakwater was demolished and this new breakwater had to be built, perhaps the minister at long last can give us the whole story. Perhaps I am wrong. I am simply repeating what I have heard over and over again in Newfoundland from Newfoundlanders. They would be interested to hear that this story which they tell is not true. I ask the minister to bring us up to date on the last chapter of this very sorry story. I shall be very interested in what he has to say.

Mr. Winters: What does my hon. friend want to know? What question does he wish to ask?

Mr. Hees: I should like to know the answer to three questions. Why was that natural breakwater destroyed? What was the cost? And on whose authority and advice was it done?

Mr. Winters: Mr. Chairman, the answer to that question is simple. The question should not be "why was it destroyed?" The question should be "Was it destroyed?" My answer is no; there was no natural breakwater destroyed.

Mr. Hees: Does the minister say this new breakwater that is now being built is not to replace any natural breakwater that was demolished?

Mr. Winters: That is what I say, Mr. Chairman.

Mr. Hees: Then there are a great many people in the maritimes, and particularly in Newfoundland, who are going to be greatly surprised to hear that, because that is not the story they tell.

Mr. Winters: I do not think the truth surprises maritimers.

Mr. Hees: Then perhaps I can go a little bit further in this matter, and ask this question. Was nothing that could be construed as a breakwater demolished?

Mr. Winters: No.

Mr. Hees: This breakwater that is being built is something that is replacing nothing?

Mr. Winters: That is right. It is further improvement.

Mr. Hees: As to the work that has been done in the harbour so far, what has it consisted of?

Mr. Winters: The work that has been done in the harbour so far has been the dredging of a channel by the Department of Public Works and the building of a dock by the Canadian National Railways. The channel was dredged by the Department of Public Works at the request of the Department of Transport and on the line recommended by the Department of Transport. We were just the agency carrying out the dredging as specified. Subsequent to that work being done and to date we have done what I said this morning and what the hon. member has referred to as the last episode, I think. We have started a breakwater and it is about 35 per cent completed.

Mr. Hees: I should like to thank the minister for the information he has given me. What was the reason for the ferry not suiting this harbour after it had been built? Why could the ferry not be used? Why has it been impossible to use that ferry in that harbour?

Mr. Winters: I am not the one to answer all those questions. I would think my colleague the Minister of Transport will be able to deal with the matter. I hope my hon. friend will not accuse me of passing the buck.

Mr. Hees: There goes that old ball again.

Mr. Winters: I have nothing to do with the operation of steamships except those of the type of the *Hilunga*. I hope my hon. friend will believe me when I say that. I understand that the ship draws more water now than was anticipated when she was designed. However, the channel was dredged with adequate clearance, and I am not sure that is a determining factor. It is a fact that the harbour is quite exposed. My hon. friend indicates that he was there—and I presume he was—and has seen the harbour, which is quite exposed. Years ago—and they do it still—the fishermen from my home port of Lunenburg operated into and out of Port aux Basques. It was always regarded as quite an exposed harbour under certain conditions of wind and sea. The people responsible for the operation of the ferry thought the harbour in its present form was a little too hazardous under all conditions of weather for it to operate on a regular schedule. They asked us to take steps to improve the harbour further.

What we are doing now is trying to determine what further improvements are necessary to make the harbour the type of harbour the Department of Transport and Canadian National Railways officials deem to be safe under all conditions of weather, so as to enable them to operate a steamship service on schedule.

Mr. Hees: I understand that when this ferry was tried in the harbour there was found to be more surge in the sea than was expected.

Mr. Winters: I do not believe, Mr. Chairman, the ferry was ever tried in the harbour. I do not believe it has ever run into Port aux Basques.

Mr. Hamilton (York West): Is there further dredging to be done now?

Mr. Winters: The next phase, as I mentioned this morning and could have said again but omitted to do so, is that we have at the moment set up a scale model of this harbour at the national research council. It is just about ready for operation now. The machine that simulates the waves has just been calibrated. We hope that by the middle of summer we will have more information, and based thereon we will be able to judge whether further dredging or further improvements are needed beyond this breakwater which is in a well advanced stage of construction right now.

Mr. Hees: When does the minister expect to have the highway built from Port aux Basques that is really to complete this operation?

Mr. Winters: To where?

Mr. Hees: I have read the clause in the confederation agreement whereby a ferry, which as I understand it, would carry automobiles, must operate into that harbour and a highway from there to Corner Brook must be built. Is that not so?

Mr. Winters: That is not so, sir. The highway to which my hon. friend refers is that portion of the trans-Canada highway between Port aux Basques and Corner Brook. This is a provincial responsibility, and we are prepared to go ahead under the trans-Canada highway agreement as fast as the provincial government wishes to go. I must say the provincial government is making good progress in completing that section.

Mr. Hees: Is that part of the trans-Canada highway?

Mr. Winters: It is part of the trans-Canada highway.

Mr. Hees: If it is part of the trans-Canada highway, then why all the mystery about this? I asked the minister when the highway, in which the federal government is participating, this trans-Canada highway from Port aux

Basques to Corner Brook, would be completed. He said there was no such highway.

Mr. Winters: The hon. member asked me when the highway specified in the terms of the confederation agreement from Port aux Basques to Corner Brook would be completed. There is no such undertaking on the part of the federal government in the terms of union.

Mr. Hees: It is part of the confederation agreement which I read this morning and which I should like to show the minister. This was quoted in the house during the debate last year, a debate on the matter with the Minister of Transport, which I read.

Mr. Winters: I think my hon. friend has in mind the trans-Canada highway.

Mr. Hees: But that is part of the highway which is to be completed according to the confederation agreement?

Mr. Winters: No, sir.

Mr. Hamilton (York West): The minister has said that there was no removal of a natural barrier in the breakwater. Did the dredging which took place necessitate the building of the breakwater?

Mr. Winters: I do not think so. That is my own observation, and that is supported by the report we had prepared by the well-known engineers from England, Messrs. Coode and Partners. We felt that we should get the best consulting engineers available to give us their views on this project. This firm of consulting engineers made a survey of the harbour, and in their report they state that in their opinion the dredging that was done had made no appreciable change in the condition of the harbour.

Mr. Hamilton (York West): Are they the same firm that was consulted before the dredging took place, or was any firm consulted?

Mr. Winters: They were not consulted before the dredging took place.

Mr. Nicholson: I wonder if I could take the committee west and north for a few minutes. I should like the minister to talk about Churchill. His colleagues in the Department of Trade and Commerce and the Department of Transport are helping to make it one of the most important centres in Canada. I wonder if there are any plans for any engineering services in connection with the extension of harbour facilities at Churchill? I understand we are to have a record volume of grain moved out of there this year, and it is hoped an increased volume of goods will come in. The limited character of the facilities will probably present some difficulty. Can the minister indicate whether any engineering plans are under way for the extension of Churchill?

Mr. Winters: This department has no engineering plans under way. Perhaps my hon. friend would care to direct his question to the Minister of Transport, who has jurisdiction over the national harbours board. He may be able to give him more information.

Mr. Macdonnell: I, like my colleague the hon. member for Broadview, am quite surprised to hear the minister say that nothing that can be described as the clearing away of a natural breakwater has taken place. I am not setting myself up as a harbour engineer but I have been several times to Port aux Basques, and my recollection is of going out a fairly long, narrow channel.

I take it also that the minister is aware that there was a conference on this matter last September among the various departments, the Department of Transport, the Department of Public works, experts from the Canadian National Railways and the Minister of Citizenship and Immigration. I must say a press report of that conference does not seem to bear out exactly the description of the situation which the minister has just given us. The press report, which I find at page 2238 of *Hansard* for March 16, 1956, said this:

> Great was the satisfaction of the ministers that the British expert had confirmed their belief that the dredging operations at Port aux Basques had not ruined the harbour.

That does not seem to speak very well for what has been done. I repeat, I am not going to set myself up as a harbour expert, but again I am expressing tremendous surprise at what the minister has said.

The second thing I want to mention is this. Having regard to the present situation, I mean if you consider the situation of the *Bluenose* and the *Carson* at the moment—the *Bluenose* apparently gets into trouble by rubbing off its propellors on the wharf at Yarmouth, and the *Carson* finds that she cannot lie quietly enough at the berth at Port aux Basques—I was somewhat disappointed in what the minister said this morning. He said, as I recall, that there was to be a breakwater some 600 feet long. Then he described the model which was at the national research council and upon which I gather experiments were being conducted with a view to seeing what further structural efforts were necessary in order to give the required protection.

Again let me ask the minister, is this breakwater being built in some entirely new place? Am I to understand that nothing has

been done to remove any natural protection which the harbour had? I am confident that has been stated in the house, but I am not able to put my finger on it at the moment. It is very unfortunate the hon. member for Digby-Annapolis-Kings is not here. He knows so much more about it than the rest of us. I put that question again. What does the minister say regarding this reference, which certainly does not sound as if everyone were happy about what happened—I shall read it again—

. . . that the dredging operations at Port aux Basques had not ruined the harbour.

As I understand it, the minister goes much further and says there were no dredging operations which in any way injured the harbour. Is that correct?

Mr. Winters: I do not want to make a play on words.

Mr. Macdonnell: I do not, either.

Mr. Winters: I do not want to give any impression that I am saying one thing and meaning another. If I remember correctly, it was I who assembled the meeting to which the hon. member referred; therefore I am pretty well aware of what went on at it.

Mr. Macdonnell: What was the occasion for holding the meeting?

Mr. Winters: To get all the parties together to determine what action should be taken to provide the further protection needed to make this harbour the sort of harbour into which the Canadian National Railways would wish to operate their boat under all conditions of weather and on schedule.

Mr. Macdonnell: Had there been a previous conference of that kind?

Mr. Winters: Previous to what?

Mr. Macdonnell: Previous to the meeting of those parties.

Mr. Winters: There had been discussions prior to that, yes. What is the hon. member getting at?

Mr. Macdonnell: Well, I am getting at this. The project had been under way for, I suppose, a good many months, perhaps some years. I presume there had been conferences before; in fact, I think a year ago we were told there had been. I believe at that time there was a discussion as to where the responsibility really lay as between departments and as between the outside experts who, I think, had been consulted at that time. I would like to ask the minister where the responsibility really lay and what was the situation which the people assembled at that conference were to meet. Was it a situation of unexpected failure, or was it merely the development of a plan which had reached a certain stage that needed further discussion?

Mr. Winters: The situation we were required to meet, or the situation that faced us at that time, was this. Here was this ship that was intended to operate into Port aux Basques. The Canadian National Railways officials said they did not wish to operate the ship into that port because they were not satisfied that under all conditions of weather they could do so safely and meet their schedule. So we met to decide what further action should be taken to make it the sort of harbour they wished to have. We were dealing with something in the future, and we evolved this plan of action.

There seems to be the impression here that this breakwater is being built to replace something that was removed. That is not the case at all. This breakwater is built in an entirely different place at the mouth of Port aux Basques harbour. It is intended to protect the harbour of Port aux Basques, to give some further protection that has never been there before. My hon. friend asked whether the dredging that has been done has ruined the harbour. I say in reply to him again that the report of the experts retained to give us an opinion and to suggest what should be done said that in their opinion the dredging that was done had no appreciable effect on the condition of the harbour, and that is my own view.

Mr. Macdonnell: That, of course, is a very conservative statement as compared with what I read from the press. The press said that the British expert had only gone as far as to say the dredging operation at Port aux Basques had not ruined the harbour. Perhaps this discussion should be set aside until we have seen the report to which the minister referred. Could we have that report?

Mr. Winters: It was a report to the Minister of Transport. Perhaps the hon. member could ask him.

Mr. Macdonnell: He is not in his place. Can we get the report before this item is finished?

Mr. Winters: I am not going to undertake to table a report prepared for the Minister of Transport; no.

Mr. Hees: One last question, Mr. Chairman; in preparing this harbour was any island or were any reefs, or anything of that kind, which protected the harbour in any way, destroyed?

Mr. Winters: My hon. friend is trying to prove in some way or other—

Mr. Hees: Trying to get some information.

Mr. Winters: Yes, but for the purpose of proving that something was done that has destroyed the value of this harbour. There was dredging done in the harbour. A channel was dredged from the outer harbour into this new dock that was built. Rock was removed when the channel was dredged. It was all below water. No surface rock was removed to my knowledge, and I think I am correct in saying that. The engineers confirm that I am correct in saying that. To that is added the statement of the English firm of consultants, and my own view, that none of that dredging had any significant effect on the harbour at all.

Mr. Robinson (Bruce): Mr. Chairman, as a representative of one of the smaller but main municipalities in the best riding in the dominion, I should like to say I am very glad that the minister and his deputy are widely travelled men. We should be looking forward to their improving their knowledge and education by visiting our county of Bruce some time in the near future. In the opinion of some we are small, but we have a wonderful county. We expect that our population will increase greatly in the next two decades.

Because the population of the county is going to grow by leaps and bounds many of the larger municipalities are having difficulties in various ways and some of them are beginning to call for help from outside their own municipalities. If there are such conditions in those municipalities we should smarten up and not try to grow any more. It seems to me that it has been very hard to do anything about decentralization. I shall not use Mark Twain's remark which has been often quoted.

This federal government have been delinquent in doing anything about it. They are not the only government that have been delinquent. Some provincial governments have also been delinquent. In fact at the present time I am sorry to say that one of our provincial governments has brought in legislation having to do with piping water from localities which are ideal for industrial purposes into larger inland centres. If those centres remained at their present size they would be better places for the labouring people to live in than if they became larger. If it ever happened that any government has to pay subsidies on such work I for one would strongly oppose it.

In Bruce county we have, as I said recently, a great shore line, and we are looking forward to an increasing population. Kincardine has been negotiating with the Department of Public Works for over 30 years for a proper harbour. In my opinion the present Minister of Public Works and his deputy are astute businessmen. I do not believe they take a political view in any of their decisions and, therefore, I believe we shall obtain some satisfaction in the future when the minister and his deputy realize that the people in Bruce are very sincere. If we were not sincere we would not have petitioned this government for over 30 years for a harbour at Kincardine. If we were not sincere the Department of Public Works would not have such a large file on the matter, which even includes plans that have been drawn on three different occasions.

With the deep waterway being constructed at the present time, if the minister will give this serious thought I think he will find that Kincardine is a logical place for a haven harbour to be built. Estimates have been made as to the cost of the harbour, and the actual cost could be more or less than what is estimated. Foresight will have to be exercised in the spending of large amounts of money.

I would suggest that within the next 12 months the department and its advisers should concentrate very thoroughly on the matter of locating a haven harbour at Kincardine to handle the increased shipping on the great lakes. This is not a local project only, because it concerns people who live within a radius of a great many miles in this very fertile district. If this request is not acted upon within the next short while it may be too late.

I think the minister would do well to have a talk with the chairman of the Gordon commission; he could probably get some advice from Mr. Gordon. If the minister were to seek advice I am satisfied that it would be along the lines of the advice I am giving him at the present time.

I understand that the department's plan of administration is not to spend any money except for commercial purposes. On the peninsula there are many small communities whose only commercial line is the tourist trade. Many of these people need a few dollars spent there to facilitate the handling of those tourists who come to stay for the summer. I would ask the department to look into that matter and to consider the fact that the tourist business is the whole commercial life of a great many of the people of the peninsula. By spending a few dollars there the ability of the local inhabitants to earn a livelihood will be increased.

In concluding my remarks I wish to point out that the Department of Public Works has cut down its expenditure this year. Perhaps the minister will correct me if I am wrong, but I think it has been cut by between $5 million and $6 million; am I right?

Mr. Winters: Yes.

Mr. Robinson (Bruce): Approximately 50 per cent of the amount of that decrease is made in the items for harbours and rivers in Ontario. If the same thing should occur next year perhaps the minister will consider spending approximately $2,500,000 on the construction of the harbour at Kincardine. If he and his officials were to do this, I am sure they would go down in history as being farsighted, and perhaps their action would justify the erection of one of the plaques which we heard criticized this morning.

Mr. Hahn: Mr. Chairman, in speaking about the breakwater at White Rock earlier today I mentioned that it was constructed in 1953. I see on page 426 of the estimates for 1954 an item concerning White Rock which reads as follows:

White Rock—Breakwater and floats, $152,000.
White Rock—Wharf and breakwater repairs, $34,500.

The report of the Department of Public Works dated March 31, 1954, at page 72 says:

White Rock

A quarried rock breakwater 250 feet long, having a crest width of 10 feet and a crest elevation of 19 feet above local low water, was erected under contract with the Coast Quarries Limited. Approximately 28,920·2 tons of rock was placed in the work. The work was completed.

The present minister was the minister of public works at that time. I do not wish to take too much of the time of the house, but in view of the fact that we have a specific ruling which does not permit us to go back and discuss an item once it has been passed, I feel it is necessary for the minister to give us a complete statement before we pass this particular item.

Mr. Huffman: Mr. Chairman, I would like to convey to the minister and to the members of his staff a message that was given to me because of the quick action that was taken on the dredging that was done at Wheatley harbour this spring, when fishermen found that they were not able to get in or out of that harbour. At the same time I would like to convey to the minister the request of the fishermen of that area for an extension of the harbour facilities. They find that the harbour that was originally constructed will not accommodate the number of ships that are presently passing in and out of that harbour. In view of the increased business I would like to recommend, on behalf of the fishermen, that the harbour be extended as soon as possible.

I wish to deal with one other point: Erieau. At the present time the fishermen have no place to tie up because of the leases that have been cancelled. They were formerly accommodated on the property belonging to the C.N.O. railway. Last spring the leases were cancelled and through the district office in London a survey has been made. I trust that the minister and his staff will give favourable consideration to the request that has been made by the fishermen operating out of Erieau.

Mr. Winters: I shall be very glad to look into it in the meantime.

Mr. Small: Mr. Chairman, returning to the matter of Toronto harbour, which was touched upon by the hon. members for Scarborough and York West, I might say that some two years ago I asked the minister to investigate the erosion on that part of lake Ontario which is in Danforth riding. He said at that time that no consideration could be given to it unless it had to do with navigation; that to be considered a matter must constitute a danger or peril to navigation.

The hon. member for Scarborough has spoken about the difficulty which comes about as a result of the Scarborough bluffs. He made some reference to the bluffs going out and said he was probably the only bluff left. Perhaps I could correct that statement for him by saying that he is not the big bluff he thinks he is but he belongs to a party which is the biggest bluff.

To get back to the problem in the Toronto area, however, the hon. member brought out the fact that the old area that was in the city of Toronto proper, governed and controlled by the Toronto harbour board, is going through a period of transition. Toronto has had added to it Scarborough, New Toronto, Long Branch, Mimico and Etobicoke. In other words it embraces the area from the Etobicoke river to Rouge river, and is now known as metropolitan Toronto.

With regard to the problem of navigation, I would direct the attention of the minister to the fact that the sand and other material coming from Scarborough Bluffs constantly creates ledges and bars or fills up the eastern gap and thus constitutes a danger to navigation. Considerable dredging will have to be done. The hon. member for York-Scarborough said there would have to be some enlargement or some revision of the Toronto harbour board in order to administer the area which has been mentioned. The period of transition is the time to bring up these matters, as it should take some considerable time to effect this change.

I think the department should give some consideration to the shore line of lake Ontario. Expenditures are made by the Toronto harbour board, on which this government has a representative, but they pertain only to

repair work and dredging with the perimeter of the harbour, which includes Toronto bay and what is left of old Ashbridge's bay in which there are three or four turning basins. The shore line of lake Ontario running from highway No. 27 or beginning at Long Branch to the eastern limits of Scarborough would be approximately 30 miles, and very little attention has been given to it. Serious attention must be given to that particular shore line running from Fallingbrook avenue to Cherry street or the eastern gap. Lifeguard service in this area is augmented by voluntary organizations.

The hon. member for Greenwood will remember the cut which used to run from Ashbridge's bay to the lake, but this area has been filled in by the Toronto harbour commission. More serious consideration will have to be given to this particular shore line with the building of the new seaway. As the hon. member for York-Scarborough has mentioned, the Rouge river at Port Union should provide harbour facilities and a haven from storms, and the old Ashbridge's bay cut should also be used for that purpose.

Representations have been made to me to have something done about the old Ashbridge's bay cut being made into a haven and brought into operation. The Toronto harbour board should be approached so the necessary co-operation can be obtained. This is part of their job, to look after this area, and at the proper time we will make representations to the government through the harbour board.

As the hon. member for York-Scarborough has said, something will have to be done immediately with regard to that portion of the shore to which he referred. Every time there is a slide at Scarborough Bluffs more sand and silt is pushed into lake Ontario and then is carried by lake currents into the eastern harbour and in time creates sand bars and ledges. Such silt gathering there becomes an impediment to navigation in lake Ontario.

Mr. Patterson: Mr. Chairman, I am sure sufficient has been said in this chamber to acquaint hon. members with the fact that the mighty Fraser in British Columbia is not only a great boon to us but also brings to us a number of very vital problems. I have referred to this matter on other occasions, especially with regard to the erosion problem which we have in Fraser Valley constituency. At the present time I am thinking of the matter more from the standpoint of navigation in the section of the river below the village of Hope.

In many of these sections the river, instead of being confined to one channel, is finding its way into other channels, while in other sections it is cutting back until it is running almost at right angles to the normal direction of the flow. It would seem to us that a long-range plan to confine the river to one channel should be developed, such plan to be realized by dredging and by filling in or blocking undesirable sloughs and channels that are to be found in some sections of the river. I submit that some effort should be made to straighten out some of the bad points in the river. We realize that this would involve a considerable amount of work under an over-all plan, but when we consider the work being done just to take care of emergency situations I think it would be advisable to work out some over-all plan for the solution of the problem.

The particular section of the Fraser river to which I have referred is used to a considerable extent by tug boats towing log booms from logging camps in the Fraser canyon, in the upper Fraser valley and in the Harrison lake area. A considerable volume of scow traffic is carried into and out of Harrison lake on the Fraser and Harrison rivers, having to do mostly with construction work and the carriage of logging machinery and supplies. There is also some movement of heavy equipment up to Rosedale and Hope.

According to the information I have, during the past year 130 million board feet of logs were towed from Harrison lake down to Harrison river, into the Fraser just opposite Chilliwack, and then down the Fraser to the lower mainland area. From the Hope area and the Fraser canyon there were 70 million feet of logs towed from about 14 different logging camps. About 10 million feet of those were bundled logs from the canyon, and it is expected that when this particular type of operation has been proved it will be used to a much greater extent.

The future use of the river is of vital concern. Already a number of companies have indicated their interest in the use of the river for the transportation of manufactured products. Inquiries have been received from companies which already have plants in existence, while in other cases new plants would be established if transportation by barge were available or could be carried on in this section. With the trend toward the greater utilization of wood products, local manufacturers in that area are at a serious disadvantage in not being able to have a market for chips and other salvaged wood products because of the high transportation costs. I have a list of the companies which are interested in using the river for transportation purposes.

There are a number of sections in this river which constitute trouble spots. When I refer to the dredging of the Fraser river I am not referring to the entire length of the river from Hope down to the sea. The river bottom is a series of deep holes and shallow spots, and the channels are created where the shallow spots occur.

I could give a list this afternoon of some of those trouble spots, but I do not think it would be necessary or of particular value to us at the moment to discuss them. I would just point out that the Cheam area on the C.N.R. is one of the most difficult and most important spots. Here the river makes a right angle bend and is still cutting back into what will eventually be, if the process continues, an S-turn. In this particular instance it may have more to do with flood prevention than with actual transport problems. So I just call this to the attention of the minister to indicate that there are certain sections of the river that we feel should be attended to, in order not only to take care of erosion problems but also to facilitate the transportation of products down the river.

I would also call attention to the fact that in the neighbourhood of the new Rosedale bridge a serious problem obtains, in that there is a bad cross current that makes it extremely difficult to tow the logs between the piers of that bridge. At the present time I understand there are two barges employed on the Fraser and Harrison rivers in the Hope area and below Hope. The Fraser River Dredging Company is using a river bulldozer, and the Scuffler Dredge Company is using a drag bucket.

I am given to understand that last year representations were made to the federal Department of Public Works in Vancouver over the fact that the dredging equipment was occupied in the Harrison river during the early fall, when possibly it could have been used to greater advantage in the Fraser. The thought has been expressed that dredging in the Harrison river could and should be done in the spring and early summer, leaving the equipment for use in the Fraser at a time when it would be more effective; that is, in the early fall and winter. At that time the department stated that moneys were not appropriated early enough in the year to make an early start possible in the Harrison. This is very important as far as my particular riding is concerned, and not only my riding but, of course, all the industries that are located in that section and those in the lower mainland area that obtain their supplies of products from up the river.

Last fall I spent some time in going around looking over the various river problems with different delegations. My attention was directed to a situation in the Matsqui prairie area, where river bank erosion is still causing a very serious condition. It is expected that if it is not remedied it will not be very long before the dikes themselves will be in danger from the action of erosion. The situation at Albion has been brought to the attention of the minister on a number of occasions, but mostly in connection with requests for river bank protection work, but here again it has been suggested that river dredging would possibly be a solution to the problem. The end of, I believe, McMillan island has been cut off by the action of the current, and now the current is being directed right across the river to the north side, where it is causing severe erosion problems.

I think the consensus of opinion is that the only satisfactory solution to the problem in this whole area is a channeling program. In fact that view has been expressed on quite a number of occasions at great length. So we would request that when the minister and his department are considering all these different problems and working out their different projects, they give consideration to a survey of that whole section with a view to working out a long-term program, or I should say an extensive program, that would take care of this situation, assist in the prevention of flood conditions and also provide transportation facilities on the Fraser river from Hope down to the sea.

Mr. Cardiff: I was going to wait until we came down to the item in regard to Ontario, but everyone else has been speaking today, and it will not take me any longer to say what I have to say now than on the item on Ontario.

I wonder if the minister could tell me about what has taken place at Bayfield. Last fall the department were demanding that buildings be moved away from the waterfront because they were going to put up a cement abutment as a result of the breakwater caving in or being undermined. They were dredging that portion to put up a breakwater, and this building was in the way. The man had had this building for about 30 or 40 years. It was built a long time ago, and it would be very difficult to move without tearing it down. However, I got in touch with one of the minister's engineers in London, and they agreed to put skids under it and try to move it back without much difficulty. I have not heard what happened, and I wondered if there was anything in the estimates for the work done there.

Mr. Winters: There is no item in the estimates.

Mr. Cardiff: Could they go ahead with this work without having an item in the estimates?

Mr. Winters: If it is a small amount it does not have to show up specifically in the estimates. If we can deal with this matter when we get to the particular item, I shall have more information before me at that time.

Mr. Hees: May I call it five o'clock?

Progress reported.

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES—FOURTH REPORT

Mr. H. B. McCulloch (Pictou): May I ask the unanimous consent of the house to revert to routine proceedings?

The Acting Speaker (Mr. Applewhaite): Has the hon. member unanimous consent to revert to routine proceedings for the purpose, I understand, of filing a committee report?

Some hon. Members: Agreed.

Fourth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

STANDING ORDERS—FIRST REPORT

Mr. J. H. Harrison (Meadow Lake): I wish to present the first report, in English and in French, of the standing committee on standing orders. I shall move concurrence on Monday next.

CRIMINAL CODE

AMENDMENT RESPECTING PAYMENT OF FINES UNDER SUMMARY CONVICTION PROVISIONS

Mr. J. G. Diefenbaker (Prince Albert) moved the second reading of Bill No. 167, to amend the Criminal Code.

He said: Mr. Speaker, in rising to move second reading of this bill I wish to explain immediately its purpose. The purpose is set out in the explanatory note, which reads as follows:

> The object of this bill is to provide that when a fine is imposed under the summary convictions provisions of the Criminal Code (part XXIV), there shall be mandatory action taken by the court to assure, subject to certain reservations,—
>
> To prevent any unfairness of any improprieties taking place.
>
> —that a warrant of commitment shall not issue for imprisonment forthwith of the person on whom the fine has been imposed, because of financial inability to make immediate payment.

The bill consists of amendments to the Criminal Code which was amended some years ago, in particular section 694. Section 694 reads as follows:

> 694. (1) Except where otherwise expressly provided by law, every one who is convicted of an offence punishable on summary conviction is liable to a fine of not more than five hundred dollars or to imprisonment for six months or to both.

And subsection 2:

> (2) Where the imposition of a fine or the making of an order for the payment of money is authorized by law, but the law does not provide that imprisonment may be imposed in default of payment of the fine or compliance with the order, the court may order that in default of payment of the fine or compliance with the order, as the case may be, the defendant shall be imprisoned for a period of not more than six months.

Over the years I have belonged to that group of people who believe that our law in respect of the imposition of imprisonment in lieu of the payment of a fine is not only antiquated but is also unjust. When the amendments to the Criminal Code came before the house I endeavoured to convince hon. members—and on a number of occasions I have argued in favour of such an amendment—of the need for an amendment which would provide that instead of a person being summarily liable to imprisonment because of his inability to pay a fine, an investigation should take place into his financial position, and that imprisonment should not be arbitrarily and mandatorily imposed. When the matter was discussed during general discussion on the amendments to the Criminal Code some years ago an amendment was agreed to by the Minister of Justice (Mr. Garson) which was to the following effect:

> (3) A summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or, if the accused is unable to pay forthwith, at such time and on such terms as the summary conviction court may fix.

That section as amended has not generally been acted upon. It is not mandatory. Many a man is sentenced to imprisonment today in default of a fine simply because of the fact that his financial position makes it impossible for him to pay his fine, or his poverty prevents him being able to do so. The purpose of the amendment is to make it mandatory, having regard to the action of the court—subject to the reservations I shall mention—that a person shall not be imprisoned in the event that he is unable to pay his fine but that an investigation shall take place on the part of the magistrate and in that case time shall be granted to enable that person to pay his fine, either by instalments or otherwise.

I start by making the general admission that, as is known by Your Honour and by members of the legal profession, there are

many magistrates who grant extensions within the meaning of the new section which was brought into effect some two or three years ago. But those who actually grant extensions are in the minority. It is much easier—and much less difficult and trying administratively—when a fine of $5 and costs is imposed, if immediate imprisonment be ordered than if an extension be granted within which the individual may make payment of the fine and costs.

During the years I have practised law, during which I have handled a large number of defences and a considerable number of prosecutions, I have seen—as I think have members of the bar generally—too many cases in which decent, respectable persons whose only fault is their poverty, find themselves unable to pay a fine and are then incarcerated in prison in default of payment. Whether that prison term be 10 days or 30 days, the individual who cannot pay his fine is stigmatized for the balance of his life. No matter what that individual may subsequently endeavour to do in order to erase that term of imprisonment, ever and anon it makes its appearance.

Indeed, since I introduced this bill on first reading, I have had a number of letters from persons across Canada whose only offence was a petty one for which a fine was a reasonable and suitable punishment. However, because of their inability to pay that fine they have suffered terms of imprisonment and have subsequently found themselves detrimentally affected in consequence of that period of imprisonment. On many occasions I have been shocked to see coming before the courts men who have committed offences which any of us might have committed—petty offences such as breaches of municipal laws, traffic offences and the like—and whose inability to pay the fines has meant imprisonment and forever the mark of Cain in consequence of that imprisonment.

I doubt whether there are many Canadians who realize the march to the jails taking place in our country, in a considerable measure due to the fact that we still maintain imprisonment as a mandatory alternative to the payment of a fine except within the limitation mentioned a few moments ago, when I set out the power that exists in the court to direct a payment on terms. It is there in the book, but it is seldom used.

How many of us realize the extent of this march to the jails within Canada? The figures are not up to date. What I have before me is the Canada Year Book for 1955, and that tells the story. In 1952 the number of persons admitted to penal institutions in Canada amounted to 99,163. In 1951 it amounted to 99,062. The number is now over 100,000 a year. Most of the offences of these people are offences punishable by jail sentences, but the turnover is indicated by these statistics. In 1952, 87,917 were admitted to common jails and 87,763 were discharged. In other words, the large proportion of the 100,000 Canadians who go to jail every year spend a comparatively short time there. The figures in 1951 were approximately the same.

Why is this? Why is it that our jails are loaded down as the penal institutions of few other countries are? Compare our situation with Great Britain. Making all the allowances that are often made, why is it that in proportion to population we have three and a half times as many people in our penal institutions as has Great Britain? Well, one of the reasons, and the major reason, is the fact that more than 40 years ago in Great Britain they abolished this system of mandatory imprisonment for non-payment of fines. In this country, in our administration of criminal justice for minor offences, we are 50 years behind the times, although the situation revealed by the Williams case indicates that red tape and faulty administration play too important a part in the administration of justice. In so far as minor offences are concerned, no serious change has been made in the Criminal Code in more than 50 years.

Why have not the advances in modern penological experience been incorporated within our laws to the extent they should? Only recently a great speech was made on this subject in another place by a former member of this house. He set out the very serious degree to which in the administration of our criminal jurisprudence, rehabilitation of the individual plays so small a part that recidivism claims some 76 per cent of all those who at one time or another receive prison sentences. When an individual receives a prison sentence for his inability to pay a fine, too often that is the first step along the road leading to recidivism and the almost continued occupancy of a cell.

Why is it that knowing the benefits that have accrued from the operation of the law in Great Britain, passed as I said 42 years ago, a similar amendment to our law has not been brought into effect? In Britain this matter came before the House of Commons in April, 1914. I am not going to read the debates. They are to be found in English *Hansard* for April 15, 1914, and in subsequent volumes. This provision became law on August 10, 1914, just after Britain entered the first war. Read the list of those who spoke in the British House of Commons. It is almost a Who's Who of subsequently great

people in the annals of Great Britain. There were some, however, who used the same arguments in opposition to this amendment as I have seen referred to in the press. One is that if imprisonment in default of a fine were removed it would be an encouragement to those who are poor to commit crimes. Another argument is that it would increase the number of crimes; that the poor would have an incentive.

It is said that there are circumstances under which there should be no extension of time for the payment of a fine, and I can envisage some of those circumstances. In order to cover those circumstances I have placed in part of the amendment words which will give to the court the right, for any special reason, to deny to the individual any extension of time. One of those reasons may be the nature of the offence. It may be that the individual is a repeater or it may be that for some other good and sufficient reason the fine should be paid forthwith, regardless of any excuses advanced by the individual. In those cases the magistrate shall have that power, but shall be required to note upon the warrant of commitment the reason an extension of time for payment was not granted by the court.

I mentioned a moment ago that one of the reasons there has been little change in the number of cases in which an extension of time has been granted as a result of the amendment of two years ago is that it is not mandatory that there be an investigation. It is purely a voluntary section giving to the court the right to grant an extension if and when it feels like doing so. What did Britain find in 1912, the last year in respect of which statistics were available? There were 80,000 British people who went to jail because of their inability to pay fines. The bill was introduced by the secretary of state for the home department, Mr. Reginald McKenna, and he pointed out that of the 80,000 who were committed about 13,000 paid their fines in whole or in part after commitment, and the rest were imprisoned until the conclusion of their sentences. He and others associated with him pointed out the injustice inherent in imprisonment because of poverty.

Among those who participated in the debate, sir, were some men who subsequently attained greatness: Sir William Anson, a name to conjure with in the legal world; Samuel Hoare; Joynson-Hicks; Robert Harcourt; Hamer Greenwood, and others. Then, when you come to the vote, sir, on July 20, 1914, among those who voted on that occasion—and apparently it was not a party vote—were Sir John Simon; Sir Stanley Buckmaster; Augustine Birrell; H. H. Asquith; Stanley Baldwin; and Ramsay MacDonald. All these men were at the time either nationally or internationally known. All subsequently became such, and every one of them supported the amendment of 1914.

That amendment to the law is to be found in "Public General Acts, 1914", chapter 58. In general that has been the law since 1914. The change that came about when it was brought into being was a very marked reduction in the jail population of Great Britain, which has continued to be the case ever since in respect of minor offences. The amendment which I move is in large measure incorporated in the act of 1914, changed only in certain particulars which the British people found necessary to change on the basis of their experience.

Finally a further act was passed in 1935, called the money payments act, which is to be found in the 14th volume of Halsbury's Statutes of England, second edition. Ever since the British people changed the law in this regard it is specific in so far as offenders under 21 years are concerned. They cannot be imprisoned because of their inability to pay a fine. Go to our jails and penal institutions, sir, and see something of the change that has taken place in recent years. See the number of young offenders, many of them there because of offences for which a fine was a fair and reasonable penalty. Since they were unable to pay the fine they had to suffer the penalty of imprisonment and a lifetime stigma that no future good conduct can eradicate.

I endeavoured to secure the statistics for Canada. I wrote to the various attorneys general of the provinces to find out how many persons in the jails of each of the provinces during the period of five years were imprisoned because of the inability of the offender to pay a fine. Interestingly enough, outside of two provinces none of the attorneys general or their staffs had any available data on the subject. The province of Ontario had a composite picture, but not complete in itself. The only province that had a picture approximately correct was the province of Quebec. The attorney general wrote me on April 7 and said this:

> It is impossible to supply you with the exact figures. However, I have had a quick study made, in order to give you approximate numbers. The results are as follows:
>
> 1951 ..... approximately 2,430
> 1952 ..... approximately 2,665
> 1953 ..... approximately 3,035
> 1954 ..... approximately 3,150
> 1955 ..... approximately 2,825

I want publicly to pay my tribute to the deputy attorney general of Quebec for furnishing that very important information, in which is clearly indicated the degree of

seriousness inherent in the imposition of fines which the individual cannot pay.

On the face of it I cannot see any serious argument that can be advanced against this bill. It has been weighed in the scales of experience in Britain. Similar legislation has been passed in a number of states of the American union. The statistics reveal that, whether in consequence of the change of the law or not, the number of young offenders has been greatly reduced wherever a similar law, or an analogous one, is in effect. Why should we not in this House of Commons, without regard to party consideration, try this plan, give it a trial for a year or two? Something must be done to meet the accelerating degree to which our young men are finding themselves in prison and, following their release, again returned to prison. Imprisonment, because of the failure to pay a fine, causes resentment in the heart of the individual upon whom that fine is imposed that is not easily erased.

I have on my desk a letter from a man in Toronto who tells his story. It could be multiplied and is multiplied to the knowledge of lawyers in every part of the house. In August this man received an increase of $3 a week in salary. It was a Saturday. He became intoxicated and was picked up by the police. It was not until Tuesday that sufficient money was raised to pay the remainder of his fine, then unexpiated and unearned. He lost his job, and whenever he has made an application for a position since he has been faced with the fact that imprisonment came to him under those circumstances eight or nine months ago.

The British people have found in their experience that the amendments of 1914 have paid tremendous returns in good citizenship. I do not know why it is, but I sometimes feel that in the field of criminal law and procedure we in this nation are far behind the advances made in other nations with similar backgrounds and traditions.

We had the Archambault report. It made many recommendations, some of which have been implemented. At the present time a commission is sitting which indeed may have already made a report. This commission is composed of distinguished jurists and lawyers. I do not endeavour to anticipate what that report will be, but I do say that anyone with any knowledge of our criminal courts knows that too often our measures of punishment are indeed measures that open the portals of a life to almost permanent wrongdoing.

I mentioned the Williams case, which is a tragic example of the kind of mentality that exists. Here a man 20 years of age, never before having committed any crime, commits a series of crimes within a period of six weeks and is imprisoned for 28 years. My hon. friend the Minister of Justice spoke of the means being taken to rehabilitate him. He has been in prison now for five years; yet when a nationally known magazine such as *Maclean's* sets out the facts, undenied and undeniable as they are, the processes of our administration deny the application of ordinary principles of justice.

We did not have any difficulty, sir, in finding a means whereby the views of the Supreme Court of Canada could be ascertained in the Coffin case. The means used was an order in council under the Supreme Court Act. By no stretch of the imagination was an order in council ever conceived to be the means whereby the Supreme Court of Canada could receive the power to do that for which it did not possess the power. If it could be done in the Coffin case, could it not also have been done in the Williams case?

If the present Penitentiaries Act and the Ticket of Leave Act and the law respecting parole cannot be applied in the Williams case, is this not the type of case in which action could be taken to submit to the court the question as to whether or not the infamy of a 28-year sentence, so unreasonable and dissimilar from that imposed in other cases, is in keeping with the highest traditions of justice within our country?

I am shocked when I read the record of the Williams case and compare it with the case of another young man 26 years of age who went on a crime rampage and staged six armed hold-ups. The second young man was able to secure the services of an eminent counsel, and he received a sentence of six years' imprisonment. The Minister of Justice says nothing can be done about the Williams case, but that it is receiving consideration.

The Acting Speaker (Mr. Applewhaite): Order. I have been following the hon. gentleman's argument for some time, and I thought perhaps he was going to draw some parallel between the last two cases he has been discussing and the question of payment of fines in summary conviction cases.

I must tell the hon. member for Prince Albert that he is causing me a bit of worry because some of his remarks have come very close to being critical of the courts and judges who imposed the sentence, although I think it was his intention to criticize the law that enabled that to happen rather than to criticize the courts. However, I must say I find it a little difficult to relate the Williams case to the payment of fines upon summary conviction.

Mr. Diefenbaker: Mr. Speaker, I was merely illustrating by an outstanding current example something of the rigidity that characterizes the administration of our criminal law today. When you say I have cast reflections on the courts, I point out to you that every time a counsel appeals against a sentence by a lower court he always points out the salient errors. Incidentally, when he appeals against a sentence the number one ground is that the sentence given shocks the conscience and for that reason is appealable.

I simply used the Williams case as an example of what I have been trying to point out today, and it is this. Let us try to change our criminal law in those regards which are covered by the purview of the bill before the house to the end that we shall not, because of rigidity in our administration, fail to make those changes in the law which experience in other countries and which common sense would dictate as necessary.

Britain found 42 years ago that 80,000 persons were going to jail each year because of their inability to pay their fines. The law was then changed. Extensions of time for payment are not generally given today, excepting within the restricted area which I mentioned earlier in my argument, and which must be in the law to ensure that no one shall take advantage of the opportunity to commit an offence because he realizes that his poverty will prevent him from going to jail if he fails to pay his fine. Britain found that this change in the law emptied the jails.

We should consider the terrific cost of our jail system in Canada today with eighty-nine or ninety thousand Canadians going into jail each year and approximately the same number being released. My submission is that we in parliament have a responsibility to give serious consideration to the need for legislation like this to be incorporated in our law; for certainly if we preserve only 100 individuals in this country from receiving the stigma of one term in jail, and as a result they are able to pay their fines afterward and are saved from becoming recidivists, this bill will have indeed achieved everything which I am hopeful it will achieve.

Mr. G. H. Castleden (Yorkton): Mr. Speaker, the matter of justice is too important to any country to be allowed to deteriorate. It is therefore necessary that a country should constantly review its justice, its laws and the procedure of its courts. Bill No. 167 attempts to remove what I believe might be termed a discrimination as between the rich and the poor in the case of summary convictions. I believe it should have and that it will receive the support of all thinking members of this house.

[The Acting Speaker (Mr. Applewhaite).]

The principle of this bill is to permit any accused person who is unable to pay a fine imposed, because of his financial position, to be granted a period of time in which to pay that penalty. In modern life it is quite natural that some people shall have wealth while others have not. As has been pointed out by the hon. member for Prince Albert, who has introduced this bill, at times it is difficult to obtain immediately the money required, and the result is that the person who is unable to do so finds himself faced with the disgrace of imprisonment. Surely it is wrong that a poorer person should be compelled to suffer the disgrace of a prison term while wealthier citizens are able to escape. The fact that such a thing exists in Canada is not good for Canada's reputation. In the meting out of justice Great Britain has found it advisable to remove this injustice, which indicates that Canada has been a bit slow in bringing about this change in our law.

I do not know of any ground upon which anyone could oppose this bill. Perhaps someone will say that it would be difficult to arrange instalment payments, that this would place the court in the position of a collection agency.

An hon. Member: Get a loan from a finance company.

Mr. Castleden: It might be a more logical operation for a finance company. Surely no one would contend that this should be turned over to one of these new finance companies.

Mr. Knowles: Jail might even be better.

Mr. Castleden: Jail might be preferable. If anyone were to advance the ground that the extra administrative work would be a burden upon the Department of Justice, it would be a poor ground for opposition to the adoption of this type of legislation. If it will bring a measure of justice, if it will remove discrimination, then surely it is to the good. If extra work is to be imposed upon the Department of Justice, surely that small extra burden would be a small price to pay for this improvement in our standards of justice.

I am quite sure that in thinking it over hon. members will decide to support this bill. I think the hon. member for Prince Albert has done a signal service in introducing this bill and attempting to contribute to an improvement in our standards of justice.

Mr. F. A. Enfield (York-Scarborough): Mr. Speaker, I want to make just a few brief remarks on the principle of this bill. It is certainly a bill which any young lawyer would find interest in dissecting. I have no doubt but that this bill springs from the humanitarian impulses which so often motivate the hon. member for Prince Albert. The picture

conjured up by the old Dickensian story of imprisonment for debt, when we were told of how Mr. Pickwick and Sam Weller were lodged in jail for not paying money that was owing, is certainly much different from what is the case today. We have advanced far from the days when a person could be imprisoned for a civil debt.

I think probably this bill springs from the situation where a debt is created in the form of a fine imposed by a magistrate. It is a debt to the court which, as has been pointed out, in some cases cannot be paid. In introducing the bill the hon. member for Prince Albert referred to the section under which a magistrate finds his jurisdiction in matters of this kind. If the house will bear with me I should like to refer again to section 694 (3) which reads:

> A summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or, if the accused is unable to pay forthwith, at such time and on such terms as the summary conviction court may fix.

I imagine that what the hon. member for Prince Albert objects to in the present law is the use of the word "may" in that section. He would like to have it made arbitrary that the magistrate examine the possibility of time payments rather than the permissive stipulation in the present section. The question, then, is if this change in the section is made and we adopt a bill similar to the one proposed, will it have any practical impact upon the situation. I was rather surprised to hear the hon. member say that he did not think magistrates were very prone to grant extensions of time for the payment of fines, and I think he said that in the majority of cases they did not grant any such extension.

I have not had too wide an experience in matters of this kind, although I have done some work in magistrates' courts. Perhaps because of the short passage of time I have not risen to the exalted heights on which the hon. member for Prince Albert finds himself when appearing in court, but in my short experience I have found that magistrates are often very humane in their outlook. This clause gives them freedom to take all circumstances into account, such as inability to pay and so on. I wonder if it is necessary for them to have that freedom.

I realize that there is a terrific problem in the administration of justice at the magistrate's level, certainly in large metropolitan centres where the magistrate, particularly on Monday morning, is faced with a tremendous number of cases. Anyone who has been present in court at that time will realize the problem. These people come before the magistrate charged with minor offences. There is a tremendous number of charges of drunkenness, in many cases a repetition of previous charges. The magistrate and the crown attorney have a list of previous convictions, and in many of these cases the sentence is $5 or five days. Quite often the accused person will just march off, sometimes gladly, to the cell.

I do not know, but it seems to me that the Quebec statistics which the hon. member for Prince Albert quoted must have included a number of cases of that type, where the magistrate would be faced with a tremendously difficult problem. He made a good attempt to obtain figures from the other provinces as to the number who were in prison because of their inability to pay fines, and it is unfortunate that there were not more figures forthcoming. It is rather hard to canvass the situation intelligently and reach any sound judgment unless you know exactly what the situation is in that respect.

There is another point. I think this section certainly should be made more use of if the other officials in the court apart from the magistrate would raise the problem of the inability of the accused to pay the fine. So often in these courts the accused has no one to speak for him. There is no counsel acting on his behalf, and the case is tried very quickly in this log jam of cases that faces the people administering justice in this country. Before the accused knows what has happened the case is finished. Often I feel that other court officials, such as the crown attorneys, could take a little more time perhaps to point out to the accused that it is possible to ask for time in which to pay their fines.

An hon. Member: Is that not all the more reason why time should be given?

Mr. Enfield: That is a good question, of course, and I am not arguing that such a bill is unnecessary; but at the same time I am arguing that under the code at the present time provision is made for those administering justice to give time for the payment of the fine. I am just wondering what practical impact this bill will have on that situation. Let us examine that a little further. Section 694A of the proposed Bill No. 167 sets out the conditions under which time might be granted. It reads:

> A warrant committing a person to prison in respect of non-payment of a fine adjudged to be paid by the court shall not be issued forthwith unless the court which passed the sentence is satisfied that he is possessed of sufficient means to enable him to pay the fine forthwith, or—

Then there are two conditions:

> —or unless, upon being asked by the court whether he desires that time should be allowed for payment, he does not express any such desire, or

unless the court for any other special reason expressly desires that no time shall be allowed.

I do not think the member who introduced the bill examined too thoroughly the last phrase in that sentence. This section would give the magistrate a way out of even putting the question. In other words, he need not go into the question if for any special reasons he expressed the desire that no time should be allowed.

Mr. Diefenbaker: The warrant of commitment must contain the reason, so that the question as to whether it was reasonable can be reviewed by the appellate court.

Mr. Enfield: It may be that I do not fully understand the wording of the section, but it seemed to me that this condition rather milked the section of any new or practical effect it might have. Obviously, before you adopted such a measure something like that would have to be very carefully gone into. It is interesting to note, in a further examination of the present section of the Criminal Code, a case quoted on page 685 of Snow's Criminal Code of Canada, sixth edition, which is the latest edition. This is the case of Rex *v.* Mackie (1944). The judge in the case indicated the following:

A fine is payable forthwith but if the accused is unable to pay forthwith the justice or magistrate may direct that the fine be paid at such time and on such terms as he may fix . . .

The statement goes on:

It is always the duty of a court when imposing punishment to take into consideration the circumstances in which the crime has been committed. There is no rule governing a uniform punishment for particular crimes.

It seems to me that the judge in that case was trying to point out that it is always the duty of the court to take into account the ability to pay the fine. Therefore, with any sort of effective representation at all, an accused has the advantage of this law that is already in existence.

Again we run into the old problem of the constitution. If you produce a law here in this house, which is in turn administered by the provincial house, they of course have complete control over the administration of justice in the province. I would submit that as the law presently stands—and I submit this very respectfully—the province has the power if it wants to tighten up in this particular situation. I submit that it already has the power to do so under the existing law. As has been said, it may be that the administration of justice is too rigid in the province. Perhaps that is something in which many of us can agree.

An hon. Member: In some they might be more lenient.

Mr. Enfield: I really would not know the answer to that question, as to whether or not there has been any more enlightened attitude in any particular province. I imagine it varies greatly from province to province. I put those considerations forward for the benefit of the house. I think it is now six o'clock.

Mr. Fulton: I move the adjournment of the debate.

Mr. Speaker: Has the hon. member for York-Scarborough concluded his remarks?

Mr. Enfield: Yes, I have concluded.

On motion of Mr. Fulton the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall start on Monday with the Trans-Canada Highway Act in committee, then take the housing resolution; then second reading of the agreement with respect to income tax with the Kingdom of Denmark; then the resolution in the name of the Minister of Northern Affairs and National Resources, and then the resolution in my name with respect to the Public Service Superannuation Act.

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

[The following item was passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

Acquisition, construction and improvements of public buildings—

364. Unforeseen improvements, $900,000.

HOUSE OF COMMONS

Monday, April 23, 1956

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. J. H. Harrison (Meadow Lake) moved that the first report of the standing committee on standing orders, presented to the house on Friday, April 20, be concurred in.

Motion agreed to.

TRADE

INTERNATIONAL WHEAT AGREEMENT— PRELIMINARY ANNOUNCEMENT

Mr. J. H. Dickey (Parliamentary Assistant, for the Minister of Trade and Commerce): Mr. Speaker, hon. members will have noticed by the newspapers that the negotiations at the United Nations wheat conference are drawing to a conclusion. Although some details remain to be determined, it is evident that an international wheat agreement will emerge from the conference.

The minimum price will be $1.50 per bushel and the maximum price $2.00 per bushel, for No. 1 northern in store Fort William/Port Arthur. This represents a nominal reduction from the present range of $1.55-$2.05.

The quantities have yet to be finally determined. There will be a proportionate reduction in the shares of all the major exporting countries, members of the present agreement, that is, the United States, Canada and Australia. It is expected that the Canadian quantity will be reduced from about 150 million bushels to about 100 million bushels.

At the opening of the second session of the conference and before there had been any discussion of prices, the United Kingdom stated that it did not intend to be a member of an international wheat agreement along the present lines and withdrew from the prices and quantities negotiations. All other importing countries, members of the present agreement, continued to participate and are expected to sign. All the major wheat exporting countries, Argentina included, participated in the negotiations and are also expected to sign.

Because of the relatively small quantities, the new international wheat agreement will not be as effective as the Canadian government had hoped it would be in stabilizing prices and markets. The farm advisers to the Canadian delegation, representing the six major farm organizations of the prairie provinces, agreed with the government, however, that notwithstanding inadequate quantities Canada should continue to participate provided there was no substantial reduction in maximum and minimum prices from those included in the present agreement.

The agreement requires to be ratified by the participants and will come into full effect when ratified by countries representing two-thirds of the quantities. Any country will have rights to withdraw if the membership and the quantities in the agreement as ratified are not satisfactory to it.

A full statement will be made by the secretariat at the conclusion of the conference. Arrangements will be made to have that statement tabled when it is received.

[*Later:*]

On the orders of the day:

Mr. W. M. Johnson (Kindersley): Mr. Speaker, I should like to ask the parliamentary assistant to the Minister of Trade and Commerce (Mr. Dickey) if he is in a position to give the house any information as to the total amount of wheat involved in the present international wheat agreement and what shares are to be apportioned to the other exporting countries?

Mr. Dickey: Mr. Speaker, no; I think that will be made quite clear from the statement by the secretariat to which I referred.

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT

AMENDMENT WITH RESPECT TO GUARANTEED LOANS

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Veterans Business and Professional Loans Act to provide that a loan under the act is a guaranteed loan if the application therefor is made within the periods specified, even though the loan itself was made at a later date.

Motion agreed to.

Inquiries of the Ministry

CANADA LANDS SURVEYS ACT

AMENDMENTS RESPECTING REMUNERATION OF EXAMINERS

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Canada Lands Surveys Act to provide that the members of the board of examiners shall be remunerated on an annual basis; also to authorize the treasury board to fix the fees to be paid to special examiners.

Motion agreed to.

(*Translation*):

MOTION FOR PAPERS

PUBLIC WORKS—ST. ALEXIS DE GRANDE BAIE

Motion No. 69—**Mr. Gagnon:**

Copy of all payrolls and lists of materials with regard to work carried out at the wharf of St. Alexis de Grande Baie, Chicoutimi, Que., in the years 1953, 1954 and 1955.

(*Text*):

ORDERS IN COUNCIL

STATEMENT WITH RESPECT TO SECRET ORDERS—P.C. 3486

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on Friday I stated there were no secret orders in council still in effect. The hon. member for Winnipeg North Centre (Mr. Knowles) asked me how order in council P.C. 3486 of July 4, 1951, had ceased to have effect. That is the order that I referred to in the house on March 26, 1953, and about which I said on Friday that it depended for its validity on the Emergency Powers Act and when that act expired the order in council ceased to have any effect.

TRANSPORT

ST. LAWRENCE RIVER—INQUIRY AS TO GROUNDING OF SHIPS

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, I should like to ask the Minister of Transport if his attention has been called to a series of groundings of ocean-going ships in the St. Lawrence river this spring and particularly to the statement of Roger Arcand, veteran Quebec city pilot, who stated, as reported in the *Gazette* of April 23, that authorities were starting navigation too early on the St. Lawrence and are running great risks in pushing shipping so early.

Will the cause of the grounding of the two ships *Georgian Flame* and *Pindar* on April 22, and previous groundings of other ships, be investigated by his department?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I do not know that it would be correct to say that there has been a series of groundings of ocean-going ships in the St. Lawrence river this spring; however, I did see the report in this morning's paper and the statement to which the hon. member has just referred. I have asked the officials of my department to ascertain what are the facts and to make such investigation as seems desirable at the moment.

While I am on my feet, Mr. Speaker,—

Mr. Brooks: Mr. Speaker, before the minister goes on I would like to ask whether we will have a report from him in this connection later on?

Mr. Marler: Mr. Speaker, I think it would be unwise to anticipate the facts of the matter. When I have learned what they are, and if I think a statement should be communicated to the house, I shall make it; otherwise, the subject could be discussed when my estimates come before the committee.

ST. CLAIR RIVER—INQUIRY AS TO SINKING OF ORE CARRIER

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, on Friday the hon. member for Vancouver-Quadra (Mr. Green) asked me a question concerning an ore ship that had sunk in the St. Clair river.

I am now informed that on Thursday night, April 19, the S.S. *A. M. Byers* and the S.S. *E. M. Ford* were in collision in the St. Clair river about a mile below Russell island.

The S.S. *A. M. Byers* sank in about 17 minutes in a position almost parallel to the centre line of the channel, which at that point is approximately 800 feet wide, and the wreck lies astride the international boundary line. The United States coastguard took charge and stopped traffic until a survey had been made by the United States corps of engineers and traffic was resumed at two a.m. on Saturday.

I am given to understand, although our report has not been confirmed, that traffic is moving through in single file. I might add that I have had a more recent report to the effect that traffic in both directions was resumed over the week end. Salvage equipment is on the site, preparatory to lightering the *Byers'* cargo and raising the vessel.

Both vessels are on United States registry and there were no Canadian pilots on board. The responsibility for the investigation into the collision will rest with the United States coastguard.

AIR TRANSPORT

D.E.W. LINE—INQUIRY AS TO FREIGHT LIFT FROM MONT JOLI

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should also like to direct a question to the Minister of Transport. I would like to know whether all the commercial planes used in the freight lift to the D.E.W. line going from Mont Joli are under inspection and certification from his department?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I would be quite unable to give an answer to such a question without notice. I shall take my hon. friend's question as notice and make such inquiry as is necessary to give him an answer.

BUSINESS OF THE HOUSE

REQUEST FOR EARLY DISCUSSION OF FINANCE ESTIMATES

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to direct a question to the Minister of Finance, notice of which has been given him. Will the minister undertake to afford the house the opportunity of discussing the estimates of the finance department at least a few days some time before May 31?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I do not know the significance of the date that my hon. friend has given, but I will be glad to accommodate him if it can be worked into the legislative program.

ADMINISTRATION OF JUSTICE

INQUIRY AS TO REPORT OF FAUTEUX COMMISSION

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, may I ask a question of the Minister of Finance. Can the minister say when the report of the Fauteux commission on parole and remission is expected?

Hon. Stuart S. Garson (Minister of Justice): Yes, Mr. Speaker. I would think it would be available within the next fortnight.

Mr. Macdonnell: I would like to ask a supplementary question. Does the minister think, then, that action will be possible this session?

Mr. Garson: Well, Mr. Speaker, before saying anything about that I would like to see the report.

[*Later:*]

On the orders of the day:

Mr. Macdonnell: Mr. Speaker, supplementary to my previous question to the Minister of Justice, may I ask the minister if he will bear in mind that if action is not taken this year it will mean that people will languish unnecessarily in jail after a weary year's delay?

Mr. Garson: Mr. Speaker, I question whether my hon. friend's present inquiry is of the type that is appropriate to be asked on the orders of the day; because I would take issue with the conclusion which he has just expressed, and if I were to answer his last question intelligibly I would have to relate at some length the reasons why.

GRAIN

INTERNATIONAL WHEAT AGREEMENT—EFFECT ON CANADIAN PRODUCTION

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. In the light of the statement read by the parliamentary assistant to the Minister of Trade and Commerce (Mr. Howe) indicating a very drastic reduction in Canada's sales under the international wheat agreement, I wonder if the minister could give some lead to the farmers as to whether or not they should review their seeding plans for wheat for this year.

Right Hon. J. G. Gardiner (Minister of Agriculture): Well, Mr. Speaker, I have always indicated to the house on every occasion when it has been possible to do so that we have always been in the habit of giving the farmers all the information that is available and permitting them to arrive at a conclusion as to what they should do on their individual farms. I would not like to suggest to them that they should take any particular action as a result of the announcement made, but I am sure they will have a good look at it and do what they think is wise.

DRUGS

PEYOTE BUTTONS—INQUIRY AS TO HARMFUL EFFECTS

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Does the Department of National Health and Welfare consider peyote buttons to be a menace to the health of anyone chewing them or drinking any concoction made from them? If dangerous, what action will be taken to prevent their entry into Canada?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, my hon. friend was good enough to give me notice of his question. Peyote buttons contain at least

nine alkaloids and in large quantities they can be harmful and indeed have caused death among the Indian population. All substance considered as drugs before being allowed entry into Canada must be labelled in accordance with the Food and Drugs Act. In addition to the present statutory requirements concerning importations, we are giving consideration to imposing further restrictions.

Mr. Coldwell: Except for medical purposes.

TRANS-CANADA HIGHWAY ACT

AMENDMENT TO PROVIDE FOR HIGHER CONTRIBUTION TO COST OF HIGHWAY

The house resumed, from Thursday, April 19, consideration in committee of Bill No. 214, to amend the Trans-Canada Highway Act—Mr. Winters—Mr. Robinson (Simcoe East) in the chair.

On clause 2—*Limitations.*

Mr. Herridge: Mr. Chairman, after checking *Hansard* for Thursday I rise to correct a wrong impression created by the figures given by the minister in connection with the distances involved in the Big Bend, Rogers pass and Jumbo pass routes. I am quite sure that the figures were given quite unintentionally in that form but they are apt to cause a false impression in the minds of hon. members and people throughout the country. The minister gave the length of the Big Bend route as 196 miles from Golden to Revelstoke, the Rogers pass route as 88 miles from Golden to Revelstoke, and the Jumbo pass route as 234 miles. However, he did not mention the fact that this is the distance between Mount Eisenhower and Revelstoke, which makes all the difference. A fair comparison would be to give the distances for all routes between Mount Eisenhower and Revelstoke, which would be as follows:

Big Bend	270 miles
Rogers pass	168 miles
Jumbo pass	234 miles

Those figures give an entirely different picture so far as distances are concerned. On reading *Hansard* further I noticed some rather confusing remarks which had been made by one or two members. I wish to re-emphasize the fact that we are not suggesting this route or that route; we are simply asking that there be a proper and adequate survey of all routes before a final decision is made. So far as the Jumbo pass route is concerned, all that we have to date is a walking reconnaissance undertaken by an engineer of the provincial government. On the basis of that walking reconnaissance he made a preliminary report to the minister of highways in British Columbia.

I am rising again on this question because it is an important matter to the people of southeastern British Columbia. They are very concerned about it because they believe that no final decision should be made until there is a proper survey of all routes. You might say that the request that has come from all the chambers of commerce and boards of trade and any number of farmers' institutes and other organizations was reaffirmed on April 14. Did the hon. member for New Westminster wish to make a comment?

Mr. Hahn: I just wanted to know whether each individual had written to you.

Mr. Herridge: A good number have written to me, but I am representing the views of my constituency and, in this case, the majority of all members of all parties. It is not a partisan matter; it is a district matter; and there are no party politics connected with it. Anyway, these requests that have come during the past two or three years by members or organizations were reaffirmed on April 14 at the annual convention of the associated boards of trade of southeastern British Columbia, held at Invermere. There again they passed a resolution urging a thorough survey of this route before any final decision is made and, I understand, they communicated their wishes again to the provincial government and possibly to our minister in Ottawa.

I feel that many members of the house are misinformed on this question and I feel to some extent the minister has not all the facts. I do not get up here and just talk eyewash, as some people to my left do; I am talking about what I know of the wishes of the people I represent. In order to place the facts before the house, and for the sake of the record, I am going to read briefly two or three paragraphs of a brief prepared by Mr. Boyd C. Affleck, a very prominent engineer in Nelson, who has had long and successful experience in the construction of highways, irrigation systems, industrial plants and things of that sort, and also a lengthy and successful career as a British Columbia land surveyor.

I might point out that this gentleman is taking a thoroughly objective point of view. He is a most ardent supporter of the Social Credit government of British Columbia and he is viewing this question as a good citizen and an engineer with long experience in the district and with some knowledge of what he is talking about. I shall quote briefly from his brief in order to get the record straight, as there is a good deal of misunderstanding and confusion. This is what he has to say in concluding his brief, in connection

with this subject, after making a reconnaissance survey over this route:

Some cost estimates have been made by government highway engineers, both dominion and provincial and will be quoted, but the writer is not able to reconcile them, or to determine what items each estimate includes or excludes, or whether they include or exclude the same items. They are, however, interesting.

A federal government engineer has estimated the cost of rebuilding the Big Bend route to trans-Canada standards at $50,916,000. A provincial government engineer has estimated the cost of the same work at $27,300,000. It does not appear that either has included the cost of completing the Kicking Horse section, from Stephen to Donald, which may roughly be guessed at $10 million more. Taking the mean of the two estimates and adding the Kicking Horse estimate, gives the figures of $49,108,000 for the possible cost of this route.

For the C.P.R. route, the comparable estimates of the two engineers are $2,148,000 and $22 million in both cases again ignoring the cost of completing the Kicking Horse section. By the same process of reasoning as before, which is about all one can do, the resulting estimate for this route is $35,074,000.

For the Jumbo pass route only the provincial government engineer's estimate is available amounting to $35,875,000. He has estimated on a highway from Golden, instead of from Mount Eisenhower but perhaps there would be no great difference in the cost involved. He estimated the cost of the summit tunnel at Jumbo pass at $10 million, which does not seem to adequately evaluate the recently developed tunnel driving economies of tungsten drills, multiple jumbos, delayed action blasting and power mucking, which have revolutionized tunnelling practice in the last few years and have reduced costs immensely.

The writer is informed by a tunnel expert that under the favourable conditions existing at the site, the probable cost should be less than half that estimate.

The board of trade explorers who traversed the Glacier creek valley on two occasions, both before and after the engineer's reconnaissance together with several old time trappers, differ very sharply with him on his appraisal of its road construction difficulties which are, in their opinion, not serious.

To summarize:

Big Bend route, length 270 miles, estimated cost $40,108,000.

C.P.R. route, length 168 miles, estimated cost $35,074,000.

Jumbo pass route, length 234 miles, estimated cost $35,875,000.

It is apparently believed by provincial and dominion officials that on account of the large sums that have and are being expended in the Kicking Horse canyon, the trans-Canada highway is thereby irrevocably tied down to that route and that any discussion of routes west must use Golden as a key point, rather than Mount Eisenhower.

He goes on to summarize the whole purpose of his brief and representations and says:

The whole purpose of this brief is to urge the citizens of British Columbia and their government to investigate this new concept of the Jumbo pass route with the same thoroughness with which the two other routes have been investigated. It deserves it.

I mention that, Mr. Chairman, because this gentleman does not speak just for the sake of talking. He is a highly qualified engineer indeed.

I want to mention another matter before I sit down. According to the British Columbia papers Mr. Evan Jones, deputy minister of highways for British Columbia, informed the British Columbia tourist council last fall, I think it was in October, at its annual meeting that Rogers pass definitely would be the future link between Revelstoke and Golden. Here is an interesting thing. Here is the deputy minister of highways of British Columbia making a definite announcement before a British Columbia body as to the route of the trans-Canada highway in that section. Yet the Minister of Public Works for Canada apparently has not been informed of the announcement made by the deputy minister of highways of British Columbia. That seems very strange to me. I should like the minister to inform the house if he has any other correspondence from the minister of highways of British Columbia that would indicate that the prior announcement made by the deputy minister of highways with respect to the route of the trans-Canada highway in British Columbia is correct.

I hope the minister can give us some information in that respect because the matter has us all a bit concerned. To show the interest in the matter, I should like to read an excerpt from an article in the Nelson *Daily News* of March 12, 1956. The article is headed, "Windermere Board Continues to Press for Jumbo Pass Highway." It reads in part as follows:

Invermere—Windermere district board of trade functions on the theory that "you can't keep a good project down."

That is why I am on my feet again today, Mr. Chairman.

In spite of numerous rebuffs on the proposed Jumbo pass highway, the organization bounces back with renewed enthusiasm and strong faith that given a fair survey the Jumbo pass route would stand on its own merits.

In the same spirit, Mr. Chairman, I again ask the minister to use his good offices to make representations to the minister of highways of British Columbia for a fair and adequate survey of the Jumbo pass route before a final decision is made with respect to this very important matter.

Mr. Hamilton (York West): I only have a couple of questions. One of them has to do with the observation made on the last day we discussed the bill by the hon. member for St. Paul's. It has to do with the correct wording of subclause 3 (b) of clause 2. He asked the minister to consider whether the clause might not be amended to read

"the total length" and I think the minister replied that he was satisfied that it meant the total length and that it needed no further amendment. In reading subsection 3 which follows, one finds that it deals with the incorporation into this plan of highways already constructed. It again appears to me that there is some substance in the remarks of the hon. member for St. Paul's, and perhaps the minister might repeat the statement that this does definitely include the total length; that is in subsection 3 (b) whether he has considered the suggestion of the amendment. That is one thing I should like to ask the minister.

Then, I am wondering what reason there is for subsection (4) of section 2 which states:

> No contributions or payments shall be made under this act,
> (a) after the 31st day of May, 1961.

This would appear to be some form of limitation, as we know it in the law. I can understand the significance of the clause dealing with the construction time, but is there any particular reason why we should set a time limit on the payment? After all, it may be the federal government's fault that payment is not made upon demand by the provinces, yet this section would appear to be mandatory and there would be no opportunity for the provinces to get payment after that date. If the reason for non-payment were of their own making I could understand that, but there is the possibility that there may be some omission on the part of the federal government which would push the provinces past this date. I find it difficult to understand why that particular subsection is going in the amended act.

Mr. Winters: Mr. Chairman, in answer to those questions I would say that in subsection 3 (b) the length means the total length. I again checked with the law officers this morning and they assured me that the wording in the bill is all right and conveys the intention we have in mind in that respect.

Subsection 4 (a)—it was considered by the treasury officers that there should be some cut-off date. When the provincial governments met with us it was agreed that the termination date for the work would be December 31, 1960. We all agreed that there should be an adequate period allowed for the provinces to submit their accounts for payment. At that time we suggested the end of the fiscal year, March 31, 1961 and I think the provinces all thought that was all right. But then, when the agreement went out to them in draft form, we exchanged some more views with provincial officials and with our own treasury people and it was agreed that if we allowed an extra two months they could get their accounts in and we could service them; that was agreed upon.

Mr. Hamilton (York West): They are satisfied?

Mr. Winters: I believe they are satisfied.

Mr. Johnston (Bow River): Are we on clause 3?

The Chairman: No. Shall clause 2 carry?

Clause agreed to.

On clause 3—*Limitations.*

Mr. Johnston (Bow River): I should like to ask the minister one question with regard to this section as it pertains to standards and specifications. I see that the clause says:

> . . . in the opinion of the minister, it meets the standards and specifications prescribed by an agreement made with the province under section 3.

I take it from that that there are specifications, that the federal government has specifications for building the trans-Canada highway. Is the only specification the 18,000 pounds per single axle?

Mr. Winters: No, there are specifications attached to the agreement known as schedule B, which sets out the basic geometry of this trans-Canada highway.

Mr. Johnston (Bow River): What do you mean by the "basic geometry"?

Mr. Winters: It specifies the width of the paved surface, 24 feet; 10 foot shoulders on either side; it gives the load carrying capacity; it sets out the sight distances, both horizontal and vertical; it defines the curvature and the gradients. I think that is about all. There is also the thickness of the pavement.

Mr. Johnston (Bow River): What does the minister mean by the load carrying capacity?

Mr. Winters: As I said last Thursday, it is specified at 18,000 pounds axle loading.

Mr. Johnston (Bow River): Are there different sets of specifications for each province? What I mean is, does each province submit to you the specifications that they are going to use in regard to the thickness of the final coat, the thickness of the subgravel coat, asphalt bound and so on?

Mr. Winters: Yes, they do, Mr. Chairman.

Mr. Johnston (Bow River): I wonder if the minister would table for us the specifications in that respect for each of the provinces, so that we will have some idea of how the trans-Canada highway compares in each of the provinces and whether or not we consider those specifications will be sufficiently strong to carry even the minimum 18,000 pounds per

axle. As I pointed out to the minister the other day, I am quite satisfied that the trans-Canada highway will not be sufficiently strong to carry the loads that we hope and expect it will. If we had some idea of the specifications that were being employed by each of the provinces, it would enable us to better judge what the condition might be.

Mr. Winters: Well, the specification that has been mutually agreed upon is included in schedule B and is the one that applies to all the provincial governments participating in this agreement.

Mr. Johnston (Bow River): This schedule B does indicate the specifications, practically speaking then, in all the provinces?

Mr. Winters: That is right, Mr. Chairman.

Clause agreed to.

On clause 4—*Aggregate limited to $250 million.*

Mr. Hamilton (York West): Mr. Chairman, perhaps the minister could correct my arithmetic here but I am wondering if, in fact, he has gone far enough in the amount of money that has been provided under this clause. I understand that this increases the amount from $150 million to $250 million. As I listened to the minister the other day, and after checking *Hansard*, it would appear that he has paid out about $80 million so far on this type of construction. He has indicated that the regular amount to date is running at the rate of $20 million a year, which would total another $100 million, and that the provision in the amending act will cost the federal treasury some $10 million to $15 million per annum. If you take the maximum amount that is set up here, that is another $75 million, of course it totals an amount greater than the $250 million provided. Is the minister quite satisfied that this amount is going to cover the completion cost of this highway or should we expect he will have to come back and ask parliament for additional money?

Mr. Winters: This estimate, Mr. Chairman, is based on what I might say is our revised concept of what will constitute the completed trans-Canada highway. At the outset we contemplated a highway from one coast to the other built or rebuilt completely to trans-Canada highway standards. Now we have said that where there are sections of the road already paved, but which do not quite conform to trans-Canada highway standards, we will not ask that they be torn up and rebuilt. They may be embodied as part of the trans-Canada highway, but under those circumstances the provincial government would not claim and would not be paid for them. This is only an estimate with that in mind. Whether it will be finally adequate five years from now, I am not sure. This is only an estimate and I hope it will be sufficient but I do not guarantee that we will not have to come back to parliament and ask for more money.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

HOUSING

PROVISION FOR CONTRIBUTIONS TO MUNICIPALITIES, HOME LOANS, HOUSING RESEARCH, ETC.

Hon. Robert H. Winters (Minister of Public Works) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure for the further improvement of housing and living conditions and for that purpose:

(a) to provide for payments of contributions to municipalities in order to assist in the clearance, replanning, rehabilitation and modernization of blighted areas, up to twenty-five million dollars and such other amounts as may be subsequently authorized;

(b) to increase the amount of a home improvement loan that may be guaranteed under part IV of the National Housing Act, 1954; and to increase the aggregate amount of home improvement loans that may be guaranteed, from one hundred and twenty-five million dollars to two hundred million dollars;

(c) to increase the aggregate amount of all loans in respect of which insurance policies may be issued under part I of the act from two billion dollars to four billion dollars;

(d) to provide five million dollars out of which to pay expenses of Central Mortgage and Housing Corporation incurred in carrying out its responsibilities under part V of the act relating to housing research and community planning;

(e) to provide fifty million dollars for federal-provincial land assembly and housing projects; and

(f) to provide for a number of administrative and other changes deemed necessary for the more efficient administration of the act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

The Chairman: Shall the resolution carry?

Mr. Winters: Mr. Chairman, at this time I will restrict my remarks to the resolution which confined itself to those features of the proposed bill which require the expenditure of public funds.

Mr. Macdonnell: How about a vote now?

Mr. Winters: When the bill is before the house for second reading it will be appropriate for me to make a more general statement.

In 1954 parliament enacted a new National Housing Act containing many of the features

of the previous legislation, but making important changes relating to loans for home ownership and rental housing by introducing the insured loan technique. Banks were first introduced into mortgaged lending in Canada through the new act and during the year 1955 they were responsible for half the loans committed under the National Housing Act.

In 1955, 127,000 houses were completed and 135,000 were started. This is an all-time record for house building in Canada. About one-half of this large program was financed under the act.

Since the end of world war II almost one million new houses have been built, largely on the perimeters of our cities. There is now increased public concern for housing conditions in the interior of our cities, and it is with this subject that the proposed legislation mainly deals.

The first item on the resolution deals with the redevelopment of substandard areas in municipalities. It is proposed to amend the act in two ways; first, by widening the scope of the legislation so that the redevelopment of cleared areas may be undertaken by private enterprise as well as by public authorities; and second, by providing a more flexible arrangement for the financial assistance offered to municipalities by the federal government. The basis of federal financial participation will remain the same; that is, up to one-half the net cost of acquiring and clearing the area to be redeveloped.

At present the legislation applies only to an area that is to be used either for a low or moderate cost rental housing project or for any federal, provincial or municipal public purpose. The proposed legislation will remove this restriction so that each area cleared may be redeveloped for the purposes for which it is best suited. These may include the uses that are specified at the present time in the act; or the whole or parts of a cleared site may be sold to private enterprise for residential, commercial or industrial uses. Since the purpose of the act is to provide and improve housing, there will be provision, of course, that the effect of any redevelopment will be to improve housing conditions in the community.

At present the federal government may make a grant to a municipality to assist it in acquiring and clearing an area to be redeveloped. The amount of the grant, as I have indicated, is limited to half the difference between the final cost of acquiring and clearing the area, and its sale price or value when cleared. Under the present statute the federal share was therefore paid only after the operation of acquiring and clearing had been completed. Under the proposed legislation the federal government will be authorized to contribute to a municipality half of the total cost of acquiring and clearing the area, through contributions made during the process of the acquisition and clearing. When the project is disposed of, the federal government will share with the municipality in what is recovered from the sale or other disposition of the cleared area. These two changes in that part of the act which deals with redevelopment are, I feel, of great importance. The prospect of redeveloping a blighted area into a commercial or perhaps industrial area which may be more appropriate to the district and at the same time more productive of revenues will, I believe, encourage a number of cities to participate in urban redevelopment projects. The prospect of having the federal government share the financial burden virtually from the inception of a redevelopment project should provide an incentive as well.

The home improvement provisions of the act are being amended. The resolution refers to an increase in the amount of loan made by approved lenders that may be guaranteed for home improvement purposes. At the present time the amount which was established in 1948 is $2,500 for improvements to a single dwelling and $1,250 for each additional unit in the building. It is proposed that new provisions will authorize the corporation to guarantee a loan up to $4,000 for the first dwelling unit, and $1,500 for each additional unit, and the maximum period of amortization will be extended.

It is proposed that the aggregate amount of loans that may be guaranteed for home improvement purposes be increased from $125 million to $200 million, in order to look after additional loans which are now being made at the rate of about $30 million per year.

The resolution deals with the aggregate amount of loans made by approved lenders that may be insured by Central Mortgage and Housing Corporation under part I of the act. The present limit is $2 billion. The proposal is to increase this to $4 billion. Since the introduction of the insured loan system in the 1954 act, an amount of almost $1 billion had been committed by the end of 1955. At this rate, the present limit of $2 billion would be reached by about the middle of next year.

The resolution calls for the provision of funds for the activities of Central Mortgage and Housing Corporation under part V of the act. This part of the act deals with housing research and community planning. It is now provided that funds can be drawn from the consolidated revenue fund up to a limit of $5 million. This limit will be continued

but the new legislation will provide for expenditures under this part of the act to be brought before parliament periodically.

The resolution also calls for a revote of the $50 million at present provided by the existing legislation for federal-provincial land assembly and housing projects. The proposed amendment will simply bring the method of accounting into line with normal government practice.

Mr. Fleming: Mr. Chairman, I think it is fair to say the minister's statement does not enlarge very greatly the information contained in the resolution. He has indicated that his statement was to be confined to those aspects of the bill which are of a money nature and require the introduction and adoption of a prior resolution. I think for that reason, since the bill is to contain obviously other amendments to the National Housing Act, I should reserve until we have the bill any comments which may more properly be made on second reading.

I have only two observations to make in general on the resolution as outlined by the minister. In the first place, the house is being asked to approve a considerable enlargement in the funds appropriated by the act for housing under the various parts of the act. The house has never been penny-pinching in its approach to the housing problem.

As to the other feature of the bill which the minister indicates is designed to add greater flexibility to the provisions of the act for its scheme of dealing with the problem of blighted areas, I am sure that the house will be glad to approve in principle any effort to make these provisions of the bill more flexible and more efficacious for the purpose of clearing blighted areas.

This is the first occasion in the last two years that there has been an opportunity for a discussion of housing. Hon. members will recall the extended debate which we had in March 1954 when the new housing act was introduced and discussed on second reading, and then after it was reviewed in the banking and commerce committee when it came back to the house. This is the first occasion since that time that the house has had an opportunity to discuss housing and to review the results achieved under the new measure which has now been in effect for two years.

I should like to make some passing observations on the developments in this field since the new act came into being. I begin by reference to the retirement of Mr. David Mansur, the president of Central Mortgage and Housing Corporation, late in the year 1954. I think all hon. members of the house would like to acknowledge and pay tribute to the devoted service rendered by Mr. Mansur under the very heavy responsibility that fell on his shoulders in the post-war years as president of Central Mortgage and Housing Corporation.

It was the good fortune of many hon. members of this house to come into close contact with Mr. Mansur, not only in relation to housing problems that they sought to discuss with him, but also in two sessions when the standing committee on banking and commerce had Mr. Mansur before it as a witness in reviewing housing administration. It is not unfair to say that Mr. Mansur made a profound impression upon the committee not only by his wide knowledge and his thoroughly co-operative attitude but also his forward-looking views. I am sure that in leaving the presidency of Central Mortgage and Housing Corporation to follow a private career Mr. Mansur carries with him the gratitude and good will of all hon. members of this house.

The second matter worthy of comment is, of course, the high volume of house construction which the minister has mentioned. In 1955 it reached an all-time high of 127,600 houses. There are perhaps four factors that enter into the high volume of housing construction that are worthy of comment.

The first is the participation by the chartered banks in mortgage financing. They have done so on a very extensive basis. When this matter was before the house two years ago there was still some question in view of its novelty as to how far the banks would participate in the new scheme of insured mortgage loans. Perhaps the views of the bank were adequately summed up by Mr. Atkinson on the occasion of his retirement from the presidency of the Canadian Bankers Association last June when he said, as reported in the press:

> "There is no doubt," he said, "that financing homes under the National Housing Act now is an accepted and integral part of Canadian banking."
>
> Forty per cent of the total number of housing units approved for loans under the National Housing Act are being financed by the chartered banks. "Bank participation," he said, "is a notable contribution toward easing the housing problem throughout Canada."

The second factor, sir, is an ample supply of mortgage money available for loans on new construction of houses.

The third factor has been a relative stability in building costs. There have been some slight increases but as compared with the previous period it has been a period marked by relative stability.

The fourth factor arises from the fact that there have been no severe, prolonged or overall shortages of building materials. All these factors have entered into the record rate of house construction in 1955.

There has been one other factor that is not so cheering in its results, and that has been a rapid rise in land costs. It has been particularly marked in the urban areas. In my own city of Toronto it was pointed out by Mr. Bates, the new president of Central Mortgage and Housing Corporation, in his submission to the Gordon royal commission that land values had quadrupled since the war in the areas where housing construction is proceeding most actively at the present time.

Another factor has been the very uneven distribution in housing need and consequently the uneven distribution of the building program to meet it. In this field national averages, after all, are not nearly as significant as they usually are because here we are dealing principally with a need that takes its most acute form in the large urban areas and on their fringes. It is there that the largest increases in population have been occurring.

It remains a fact, as we in this part of the house pointed out two years ago in the debates on the new bill, that the housing problem constitutes a very severe test of the financial strength of municipalities. There is still a lamentable dearth of serviced land, particularly in the areas of greatest need, and this is today the major bottleneck in the path of construction to meet the need.

The municipalities on whom the burden of providing services for land normally falls are literally at the end of their revenue resources. The federal government has within its power the solution of this serious and critical problem, but it continues to withhold that solution. It leaves the responsibility to the provinces, which of course created the municipalities, and at the same time in large measure it continues to absorb their sources of taxation.

I affirm again as on previous occasions that the solution rests within the power of the federal government. The federal government is not coming forward with any solution of this problem, which is not going to be solved without remedial action on the part of the federal authorities. It is to be hoped that this type of action will come soon.

Another feature of developments has been that most of our new housing has been constructed for sale. There is still relatively little construction for renting except in the case of apartment houses, and by and large these have been of a rather costly and in some cases palatial nature. There has been little housing constructed for renting within the reach of persons of modest income.

Next, the prices of houses are still very high. The present prices place them beyond the reach of many people who are in need of housing.

Next, the down payment still remains very high. It is still too high for many people who need housing, and the extent of that down payment still depends, in large part at least, on the lending value determined by Central Mortgage and Housing Corporation.

The maximum loan, of course, was increased when this act was brought into effect two years ago; in the case of any house constructed for owner occupancy, to $12,800.

Another feature which follows from the last one I have mentioned is that the provisions of the act in part I are being confined in their benefits more and more to persons with better than average incomes. The figures are rather significant. If you look at the average gross family income of home-owner borrowers you will see that in 1953 under the former act that average was $4,961. Those are the persons who have received the benefit of being able to borrow under the provisions of part I of the National Housing Act. In 1954, the year in which the new act was in effect for approximately eight months of the year the average gross family income of home-owner borrowers under part I had increased to $5,382. In 1955, for the first half of the year, that average gross family income had further increased to $5,447.

It is quite obvious that if those who are qualifying for loans under part I of the act to build owner-occupied houses are persons with an average family income at the middle of 1955 of $5,447, persons of modest income are deriving little or no benefit from the provisions of part I of this act. It seems to me that that is one of the serious problems which confront this house today in connection with the provisions of this act and its administration. If anyone here pretends that one of the purposes of this act is to provide assistance for persons of modest income in acquiring homes, then certainly that purpose is not being achieved. Under present conditions, under present provisions of the act and under present administration there just is not any chance whatever of that purpose being achieved. Let us look the facts in the face.

The next factor relates to inspections. When this legislation was under consideration two years ago some of us expressed grave concern that under the new insurance scheme there would be such centralization of inspections under Central Mortgage and Housing

Corporation that delays would be inevitable. Unhappily that has been the fact. The centralization of these inspections in Central Mortgage and Housing Corporation has resulted in very long delays and increasing bureaucracy.

My next comment is with regard to the effective rate of interest charged or permitted under the various parts of the act, and in particular under part I dealing with the interest rate on mortgages on houses constructed for owner-occupancy. When the new act was brought into effect by proclamation on March 19, 1954, the effective rate was set by order in council 410 at 5½ per cent per annum. On February 16, 1955, under order in council 213 that rate of interest was reduced by one-quarter of one per cent to 5¼ per cent. The rates under other parts of the act were likewise reduced one-quarter of one per cent. This was in keeping with the trend in interest rates throughout the country and in the face of an abundance of money available for mortgage lending.

On March 22, 1956 by order in council 466 the government has moved all of these interest rates up again by one-quarter of one per cent. The interest rates applicable to loans under part I of the act are now back at 5½ per cent. I am led by this increase in the rate by government decision to ask: Is the government seeking to reduce the rate of house construction in Canada? One recalls the experience of 1950 when in the immediate post-Korea period the government sought to restrain house construction for a period of a year or two. If the government seeks today to restrain the rate of house construction then I think they ought to say so.

Certainly there was no such suggestion two years ago when the new act came into effect. On the contrary, the government indicated at that time that their hope and expectation as a result of the introduction of the insurance provision were that there would be an increase in the rate of house construction. There has been no statement from the government since to indicate any change in that policy or that outlook. Indeed the minister has taken some satisfaction out of the high rate of house construction in 1955 and its carryover into 1956. I recall that the Minister of Finance spoke to similar effect in his budget speech.

I am bound to point out that an increase in the interest rate normally has the effect and usually is intended to have the effect of restraining house construction. I think the minister owes it to the house to explain the evident contradiction between the policy of his department in seeking to maintain a high volume of house construction, perhaps even to increase it, and the financial policy of the government in seeking to apply by fiscal measures restraint upon what they choose to call inflationary forces.

What is the government's thinking in this regard? The Minister of Finance does not come out and say frankly that the government is seeking by this increase in the interest rate to restrain house construction, but for what purpose is the increase in the interest rate put forward as it is as an anti-inflationary measure? What purpose is it to serve in this context? It seems to me that barring a frank statement from the government we have here another example of befuddled thinking. There is evidence of contradiction in the policies of the two departments. Let us have from the government a clear statement of what its objective is and then we will be in a position to judge.

I should like to turn now to another matter. The act confers very wide powers upon Central Mortgage and Housing Corporation and in this respect administration becomes increasingly more important as the act in a sense becomes more stabilized in its provisions. Administration can mean the difference between effectiveness in carrying out the provisions of the act for the purposes for which parliament intended them, on the one hand, and setting at nought, in part at least, the provisions of the act, on the other hand.

The act vests administration in Central Mortgage and Housing Corporation as the agent of the government and in this chamber the government must accept responsibility for the acts of administration, the omissions or failures of its agent. Therefore I think it is important at this point that we should give some thought to an examination of the administration.

In my observations upon that administration as I have sought to follow it I propose to test it by the experience in the city of Toronto. In the construction going on in that city and in the fringe about the metropolitan area there lies perhaps the widest opportunity in Canada today for testing the administration of the provisions of this act under Central Mortgage and Housing Corporation. The conclusions which my review of that administration has led me to are that the corporation is becoming increasingly bureaucratic in its attitude and behaviour. There is increasing evidence of an ivory tower complex and in some respects that bureaucratic attitude is verging on the autocratic. The corporation is becoming more and more remote from the people and their problems.

Mr. Winters: Is the hon. member going to cite examples?

Mr. Fleming: I hope I shall have time to do that. I do not wish to take up a lot of time of the house, but if the house will permit me I should like to give examples, because I am just as concerned as is the minister to see the administration of the act made as effective for its intended purpose as is possible because, when the act was introduced and enacted, there was a wide measure of agreement in the house on its objectives. We may not all have shared quite the same expectations from different aspects of the changes, but it has always seemed to me that it was the earnest desire of the house that in enacting the provisions of this measure the utmost efficacy should be expected in their administration. I am saying what I am about to say now, not because I take any satisfaction in what I find in the attitude of the corporation, or those particular aspects of its attitude which I have mentioned, but in the hope that in saying something about them here it may perhaps have some corrective effect.

I was saying that it is evident that the corporation is becoming too remote from people and their thinking, that it is closing its ears to the thinking of the people and, to that extent, in its attitude is becoming unrealistic in many particulars. The result has been delays and the loss of valuable time with respect to projects that were undoubtedly urgent.

Now I should like to illustrate. I turn to the city of Toronto. I mention first of all the leading venture in the field of public low rental housing for all of Canada, for I conceive it so to be: the Regent Park North project. If the house will permit me, I should like to say I have had a personal interest in this matter since the year 1943. As a member of the city planning board in Toronto in that year I had with my colleagues on that board the privilege of fathering the first proposal for the redevelopment of the site on which the Regent Park North project was since constructed. I regard it as the outstanding success in public low-rent housing in Canada today. It cleared an area of 42½ acres, chiefly of blighted houses: the area bounded by Parliament, Gerrard, River and Dundas streets. The land assembly was carried out by the city of Toronto, and under the provisions of section 12 of the old act the federal government contributed half of the cost, that is to say, half the difference between the actual cost of the land assembly and the price at which it was turned over to the housing authority, which has managed it since. That was the only federal contribution to this project. This was not a project carried out under what later became section 35 of the Housing Act. It was a municipal project carried out with substantial assistance from the province of Ontario. As I say, the federal government's contribution was confined under section 12 to half of the cost of the land assembly.

Mr. Nicholson: Could the hon. member say what year that was?

Mr. Fleming: Of construction? Actually the first family moved in in April 1949, but the project was first put forward, I might repeat, in 1943. After the war there was a municipal plebiscite held on the question whether the city should proceed with it, and it was endorsed by the Toronto ratepayers. The management was placed under the Toronto housing authority. The Central Mortgage and Housing Corporation has never had at any time, and has not today, any part whatever in the management and operation of this project.

Here is the record. When finally completed, by the end of this year there will be 1,289 housing units constructed, largely of the block apartment type. Only a few remain to be completed. Those units house approximately 5,000 people, including 2,000 children under the age of 16 years. I think the management has been conspicuously successful. The project has been fortunate in having as its manager Mr. Frank Dearlove, an official long in the service of the city of Toronto, with excellent experience and, I might say, great devotion to the success of this project.

I think it is an interesting answer to any who have inherent fears in regard to projects under ownership and management of this kind, that administrative costs to date have been less than five per cent of the revenue. Arrears of rent since the first family moved in, in April 1949, amount to just $68. That has indeed been a remarkable record. A recreational program is provided in the area under the city parks department. In my opinion, much of the undoubted and unchallenged success of this project has been due to citizen interest, and that is why I am so concerned that in projects undertaken, studied or managed by the Central Mortgage and Housing Corporation we should never lose any opportunity to maintain and encourage citizen interest. It is the healthiest factor that we can introduce in a situation of this kind, in my humble opinion.

In the first place, I have mentioned the plebiscite. It was brought before all of the Toronto voters. In the second place, the Toronto city council has maintained at all times an active interest in the project, its management and its success. The members

of the housing authority placed in charge have been devoted people, and I think a great deal of credit is due to them. However, in addition to these factors, there was a high measure of citizen interest maintained in particular by certain organizations. I mention in particular, because I well know of their interest and its beneficial results, the Women Electors Association. Here again, if you can get women citizens interested in a housing project and maintain their interest, I do not think you could have any healthier type of interest. One of the major contributions that the women electors association made to the success of this project was the service of the late Mrs. Bessie Luffman, a prominent member of the Women Electors Association, following her appointment as a member of the Toronto housing authority. Her death a few months ago terminated a life of high service to the cause of housing and other beneficial pursuits in the city of Toronto.

I bring this before the house now by way of illustration of some of the things that have happened since, with respect to other proposed projects where the course of development has not been nearly as happy as the record that I have just given.

Mr. Nicholson: Before the hon. member goes on, would he permit another question? Could he give us any information regarding the number of people who were housed in that area previously and anything about the rents that are being charged?

Mr. Fleming: Yes, I am coming to the matter of the rents. So far as the number of persons who were housed in that area before the project was undertaken is concerned, I might say that the number housed today is substantially greater. I think my hon. friend's study has gone to the point of showing, as certainly experience has shown, that where adequate measures with sound planning are undertaken to replace a blighted area in many urban centres—

The Chairman: I am extremely sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Ellis: We in this group—

Mr. Fleming: Mr. Chairman, I do not wish to interrupt the hon. member, but I suppose it would take me seven or eight minutes more to review this particular project. If it is the wish of hon. members of the committee, I suppose I could make my remarks later.

The Chairman: Has the hon. member unanimous consent to proceed?

Some hon. Members: Agreed.

Mr. Fleming: I think the experience in all these cases has been that where a blighted area is redeveloped and reconstructed it is always possible to house more people in the area and house them infinitely better than you could before. That was the experience in the Regent Park North area. I shall say a word later about the matter of rents and the approach to them.

The Regent Park North project obviously forms a most valuable pilot project with respect to any similar undertakings, and I would commend it strongly to the government as such. But I do not find that the lessons derived from the success of that project have been applied too sympathetically by Central Mortgage and Housing Corporation.

I come now to deal specifically with a proposed new project in an area lying immediately south of the area covered by the Regent Park North project. It is bounded by Dundas, River, Sydenham and Regent streets, and is known in Toronto as the Regent Park South project. It would involve the clearing of another blighted area for redevelopment. The city has been making excellent progress in acquiring the land for this purpose. As the partnership provisions of the new act now apply in dealing with blighted areas and their redevelopment, Central Mortgage and Housing Corporation is in effective control of the proposed redevelopment. But, unfortunately, the record of what has happened has been a record of delays. I wish to be fair about this. I do not say that Central Mortgage and Housing Corporation is entirely responsible for the delays, but I think a fair review of the record will show that the principal measure of responsibility does rest upon that corporation, and consequently the government must accept it.

Let me give some examples quickly in passing, because I do not wish to delay the committee, of what I think are evidences of rigidity in the attitude of Central Mortgage and Housing Corporation. It is inevitable, where any governmental body has power and administrative responsibility such as are cast upon Central Mortgage and Housing Corporation under legislation like this, that there develops a tendency, people being human, towards a bureaucratic approach. I am sure that the minister will be vigilant at all times and I urge him to be vigilant to correct any evidence of any growing attitude of that kind that he finds.

In the first place, whereas in Regent Park North construction proceeded on the basis of block apartments with very good results, what is proposed in connection with Regent

Park South is tall apartments plus row housing. The reason given for the construction of row housing is that they wish to have families with children on the ground level or close to it. But, sir, I point out that construction of a lot of row housing in that particular area in the old heart of the city is unrealistic. In time a lot of row housing is likely to turn into the old familiar terrace housing with small enclosed yards and houses with exposure only at the front and rear. I think there is a very grave danger that in years to come row housing is likely to give rise to blighted areas again, particularly when the management and upkeep of row housing will not be, to the same extent, at any rate, in the hands of those who have the responsibility for overseeing the project in other respects. The experienced officials of Regent Park North have recommended against row housing, but their advice has not been given effect to by those who are now carrying forward the proposed Regent Park South project.

In the second place, when Regent Park North was constructed enough boiler space was provided to heat the Regent Park South project today if it is proceeded with, and I am informed it was proposed to Central Mortgage and Housing Corporation that it should be so used, but the proposal was rejected by that corporation. They insist upon separate heating facilities being provided for the Regent Park South project.

In the third place, I am informed that the administrative offices for the Regent Park North project are adequate for the provision of administrative services for the Regent Park South project, but that idea again has been rejected by Central Mortgage and Housing Corporation. They want the administrative offices for Regent Park South located in Regent Park South although the two areas are contiguous.

In the fourth place, there is the problem of management. I have no doubt that the very capable management that has made a success of the Regent Park North project could with a little encouragement assume the management of Regent Park South, but again I am informed that Central Mortgage and Housing Corporation insists upon strictly separate management. The minister shakes his head. I can say to him that is my information. We must all agree, I think, that the success of these projects will depend upon the availability of well trained management personnel. That has been one of the major factors in the success of Regent Park North and I hope its importance will not be overlooked in connection with Regent Park South.

In the next place, I come to the matter of the income regulations with respect to the occupants of these two respective housing projects. Central Mortgage and Housing Corporation has insisted upon a different basis of calculation in this respect. Let us look at the provisions that govern the determination of rents in the Regent Park North project. In the first place, income is determined on the basis of including the income of the head of the house and $10 per week for every other earner in the family. In the case of Regent Park South, Central Mortgage and Housing Corporation insists on including the total income of all members of the family plus the family allowance. There you are creating a disparity at once and I think that some friction is necessarily bound to follow.

In the second place, in determining the maximum income permitted to occupants of Regent Park North $4,200 was the maximum determined except in the case of former residents of the area who were accorded priority. In the case of the proposed Regent Park South project the maximum is determined at $4,404.

Let us turn though to the minimum income provisions. In the case of Regent Park North no minimum income whatever was stipulated on the part of the housing authority. Indeed, an effort was made to use that project to meet need on the basis of need. In the case of the proposed Regent Park South project the regulations administered by Central Mortgage and Housing Corporation require that every tenant must have a minimum income of $150 per month. In other words, need does not count. No person is going to be admitted to an apartment or a house in that project unless he has an income of $1,800 a year to begin with.

I understood, Mr. Chairman, that the reason that parliament was being asked to approve the provisions relating to federal-provincial partnership in connection with the redevelopment of blighted areas when we enacted the provisions of the new act in 1954 and the provision of the old section 35 of the National Housing Act some years earlier, and when we made substantial appropriations available for the purpose, was to meet a social need. We do not justify measures of this kind simply on the bare bones of economic considerations. We look at broader social considerations in approaching legislation of this kind.

Here we have a situation where an important project, being studied now as a project under federal-provincial partnership, is to have a term attached to it that will deny any occupancy in this project to any tenant who cannot satisfy Central Mortgage and Housing Corporation that he has an income of at

least $150 per month. Now, the effect of that is going to be to exclude everybody whose income is less than that. As I understand it, that is not carrying out the purpose for which parliament enacted this provision. If I do not correctly understand the purpose of parliament in adopting this provision, then I hope I will be corrected soon. A stipulation of this kind certainly does not carry out the intent of this legislation as I understand it to be.

Now, sir, all these differences introduced between the proposals for the Regent Park South project and the provisions attached to the successful Regent Park North project, have resulted in delays. I do not say Central Mortgage and Housing Corporation is solely responsible for them, but I do say Central Mortgage and Housing Corporation has not escaped a high measure of responsibility in connection with them. In particular, there has been no attempt to encourage the interest and participation of citizen groups. Indeed, some of the citizen groups that were most keenly interested in the Regent Park North project have developed a feeling now in response of the attitude of Central Mortgage and Housing Corporation that Central Mortgage and Housing Corporation is not interested in their participation; that it is taking a "hands off" attitude with respect to citizen interest. In any event the result of it all has been that there has been a discouragement of citizen interest. It is not enough that Central Mortgage and Housing Corporation should put beautiful plans on paper. There are some things with respect to a project of this kind that are just as important, and in my opinion more important, and citizen interest on the part of intelligent civic groups is one of those more important considerations.

There is just one other matter I shall mention in conclusion. It is the experience of the Metropolitan Toronto Housing Company in connection with the proposed construction of a housing project for aged persons at Lawrence Heights in the suburbs of Toronto. This company is a limited dividend housing corporation organized by the Metropolitan Toronto Housing Authority, which set out to construct 128 suites for aged couples at a cost of $722,000. It was to be a low rent project in the township of Etobicoke. The result of long delays, for which again I believe the principal responsibility must rest upon Central Mortgage and Housing Corporation, has been that the whole project has now reached the point of frustration. This story was told in last Saturday's issue of the *Globe and Mail* by Lex Schrag. After inquiry I think I can say to the house that his review of the steps in this unhappy episode is fully justified by the facts.

He said:

> Looks as though red tape and metropolitan Toronto's fair wages practice could scupper Metropolitan Toronto Housing Company plans for senior citizens' low rent apartments in Etobicoke.
>
> The company was formed two years ago. Metro had bought land in Etobicoke. The company bought sites from Metro for 128 apartments, and began dickering with Central Mortgage and Housing Corporation.
>
> It was expected CMHC would make a loan covering 90 per cent of the project's cost, recoverable over 50 years. First, though, CMHC wanted to know the cost. So an architect was engaged to draw plans and make an estimate.
>
> Tenders were called, and the contract for the apartments was let to the lowest bidder. The contract was sent to CMHC at Ottawa. Got pigeonholed, and nothing happened for several months. After some pressure had been put on by Metro officers, the plans were dug out of the pigeonhole.
>
> A variety of CMHC supervisors and inspectors went over the project, and suggested minor restrictions and changes. Reams of correspondence were accumulated. Then it was decided that the contract was too low to conform to Metro's fair wages practice.
>
> The original estimate had been based on the going price of similar structures in Toronto and so, apparently, had the accepted tender. Under the fair wages practice, Metro officials sit down with officers of the Toronto Builders' Exchange and union officials, and decide what labour costs and rates are to be.
>
> The delay in getting work under way hadn't helped the project to conform to this practice, and the original estimate, apparently, wasn't based on all-union labour. So the housing company had to ask Metro for more money. And then CMHC said it would put up only 90 per cent of the original estimate.
>
> Besides which, CMHC decided it wanted another 25 feet easement—or ground space—around the apartments. So back the company officers had to go to Metro.
>
> Meantime, the contractor whose tender had been accepted was getting decidedly restive. He couldn't keep his men and equipment tied up for a job that didn't get going. It now looks as though the contractor will have to be released, and new tenders called.

So the story proceeds.

Now, sir, I have brought these matters to the attention of the house because of the concern that I am sure all hon. members share that measures enacted by parliament shall, in their administration, be made effective for the purpose for which parliament enacted them. Here, it seems to me, is a case where Central Mortgage and Housing Corporation has fallen into some errors which are perhaps natural temptations attending any governmental body under such circumstances. But we can see the results of too much rigidity; too much bureaucracy; too much of the ivory tower complex; too much of the feeling that the experts in the ivory tower know more than the citizens who are on the spot and face the situation firsthand.

In raising these matters here today, I do not do so with any degree of satisfaction. I do so

rather in the hope that, with the assistance of the minister, measures will be taken to correct this attitude and to see that no delays are permitted to arise that are attributable to rigidity and a bureaucratic approach. Rather let us hope that a frank review of the administration as we see it in a concrete situation—and this is the first opportunity we have had in two years for that purpose, —and what is said in the house may act in some degree as a spur upon the responsible officials of Central Mortgage and Housing Corporation, and that they may be encouraged to put behind their duties in administering the provisions of this act the fullest determination to make these provisions effective for the purposes for which parliament enacted them.

Mr. Ellis: When the National Housing Act was before parliament in the session of 1953-54, Mr. Chairman, the C.C.F. members made certain objections to certain aspects of the legislation, pointing out their inadequacy and the failure of the act to meet the housing needs of the average Canadian citizen. Hon. members will recall, and I think our members were refreshed the other evening when the minister once again had all members of the house rise and be counted on a particular bill, that at the time the National Housing Act was passed, he made rather caustic comments about the critics of the legislation. The time which has elapsed since the passage of the present National Housing Act has vindicated the criticism which we made at that time. Indeed, we have found that the case if anything was a little understated.

In speaking in the budget debate the other day I placed on record a table showing the participation by various income groups under the National Housing Act, and without labouring that particular point I wish to point out that since 1948 the percentage of those in the relatively high income groups under the National Housing Act has gone up while, on the other hand, the percentage of those in the relatively lower income groups has gone down, so that the criticism which we made to the effect that few, if any, Canadians earning less than $3,800 a year would benefit under part I of the National Housing Act, has certainly been substantiated in the intervening period of time. Indeed, we find that of Canadians earning less than $3,500 a year there are somewhere in the neighbourhood of 4 per cent who have obtained any benefit whatever from part I of the National Housing Act.

It seems to me that when we are discussing the resolution now before us we have to consider the housing need and the likelihood of the legislation proposed by the government making any worth-while attack on the problem. We have to provide for home ownership wherever possible, and, of course, that is not being done as far as low income groups are concerned under the present part I of the National Housing Act. It seems to me that the greater percentage of Canadians ought to be in a position where they can purchase their own houses. It is quite clear that under the present National Housing Act that is not possible for a great percentage of Canadian citizens. If those Canadians who are earning possibly now under $4,000 a year are unable to benefit from part I of the National Housing Act, then it is quite obvious that some other measures are going to have to be taken if we are to see that our Canadian people are adequately housed.

We have suggested on numerous occasions that what we need in Canada, apart from a program to provide for greater home ownership, is legislation to provide for low-rental housing for the vast number of Canadians who by the nature of their jobs are not in a position to establish themselves permanently in one locality, or are not in a position to purchase a house at the present time. I know that the resolution before the house states that this measure is designed for the further improvement of housing and living conditions. Inasmuch as the resolution seeks to explore and to do something about this broad question of housing, it is the type of legislation we are anxious to see proceeded with at the present time. But we are going to have to put the same test to this proposed legislation as we did when the amendments to the National Housing Act were brought down in 1954. We are going to have to examine the housing picture in Canada and see how closely the legislation comes to meeting the needs of the Canadian people at the present time.

One thing I think we should settle at the outset is that housing is not merely an economic problem; more and more Canadians are beginning to realize that housing is a major social problem. Indeed, in the very excellent brief presented by Central Mortgage and Housing Corporation to the royal commission on Canada's economic prospect they state in chapter 2:

> Because of its fundamental place in a modern industrial economy and because of its deep social implications, housing is a matter in which governments at all levels are inevitably and intimately involved. The provision of housing has some of

the aspects of a public service, inviting governmental participation and community action for reasons of economic policy and in pursuit of welfare objectives.

Therefore, we cannot consider the housing program from purely economic aspects. We have to consider the necessity of doing something about our shocking housing situation in this country from the aspect of social welfare and the effect it is going to have on the health and happiness of the Canadian people. Humphrey Carver, in his book, "Houses for Canadians", brings out the point I think quite clearly. He says:

> The severity of the housing shortage must be measured in terms of human distress. Children and adults crowded into small quarters cannot escape from the frictions and frustrations occasioned by too close and too constant proximity. The humiliation, squalor and ugliness of obsolete and temporary housing leave their permanent mark upon the occupants.

All sorts of evidence has been advanced as to the social implications of housing and the folly of continuing to ignore this basic problem. Indeed, public health officers from one end of Canada to the other have from time to time emphasized the importance of housing on public health. The medical health officer in the city of Regina, in his annual reports to council, has placed great stress on housing conditions and on more than one occasion has described housing as the biggest health problem in the world today. Indeed, one cannot separate inadequate housing from the general problems of social welfare and public health; hence, any program designed to alleviate our housing problem is also one that is going to meet in large measure social welfare and health needs in Canada.

Of course, this is not something new. As far back as 1943 the Curtis report emphasized time and time again the social implications of poor housing and pointed out the incidence of tuberculosis in good housing areas was 25 per 10,000 population, while it was 64 per 10,000 in poor housing areas. The same situation applies in so far as infant mortality rates are concerned. They were 58·3 per thousand live births in good housing areas and 121·8 per thousand live births in poor housing areas, which is a shocking waste of human life, much of which could be prevented if decent housing conditions prevailed.

John Boyd Orr, in his excellent pamphlet entitled, "Housing and Health", quotes a United States investigator who stated that after a very close examination of both British and United States health statistics, the death rate from nervous and nutritional diseases showed a fivefold difference in areas where people were adequately housed as compared with slum areas.

In the field of juvenile delinquency the social problems were so immense that they could only be met by doing something about our housing situation in Canada. I believe that we as a parliament should be setting forth our ultimate objective for a housing program. You know, there are too many people in the country who look upon the housing problem in terms of meeting an economic demand in the typical free enterprise fashion. They say, "Well, here is a particular need, and we are out to meet the need", as determinated by the ability of the people to pay a particular price at a given time for a certain commodity. The argument is that there are so many people in Canada who at present-day market prices are able to buy homes and therefore if you meet that demand the problem has been solved. I suggest that we have to look at the problem from an entirely different point of view, that the ultimate goal of a proper housing policy for Canada should be the provision of modern, structurally separate dwelling units of adequate size and decent quality for every family household and individual requiring them.

As I pointed out, the major flaw in the thinking of many government leaders today is that they continue to think of housing purely in terms of economics, failing to take into consideration the wider social aspects of this great problem.

We in the C.C.F. certainly believe that housing should be based on actual needs and that a supply of housing ought to be dependent on the requirements of those who at present are in need of adequate housing.

During my talk on the budget I referred to the fires which had occurred in the Ottawa area and throughout the country generally during the past few months and suggested that a great deal of this shocking loss of life could have been averted if something had been done to provide more adequate housing. Indeed, many of the most serious fires have occurred in substandard dwellings where there is faulty wiring and there are faulty heating units. The only way in which we are going to provide for a greater measure of safety against the recurring loss of life from fires is to provide homes built according to certain minimum requirements. These requirements would include adequate and proper heating units and wiring, and so forth. Until we do that we are going to be continually faced with this problem of loss of life as a result of fires.

Now, Mr. Chairman, in assessing the housing problem in Canada at this time I was quite interested in the joint submission placed before the royal commission on Canada's economic prospects by the trades and labour congress of Canada and the Canadian congress of labour. In the section dealing with housing in their excellent brief, they point out that there are three aspects to the housing problem in Canada.

First, of course, is the question: What is the housing need and how many dwelling units are required in Canada at the present time? Second, what is the physical capacity of Canada's building industry? Third, what is the ability of Canadians to purchase housing?

As far as the first aspect is concerned, I think one must recognize that there are two factors to consider. The first of these is the annual need for houses to take care of net growth of new families in any one year. Second, we must consider the need to replace dwellings which have been removed during the year through fire or demolition.

The brief presented by the two labour congresses suggests that there are about 85,000 new units required each year in order to meet this first demand; that is, the annual economic demand for new houses. In addition to that there is a tremendous backlog of housing which will have to be met if we wish to make any frontal attack on our housing problem.

There may be some dispute as to the actual size of this backlog, but the joint labour brief suggests that there is a need for approximately 500,000 new dwellings plus the need for some 123,000 dwellings to replace rural dwellings in substandard condition. It might be said that the maximum figure suggested is somewhere in the neighbourhood of 623,000.

We know that the greatest portion of this need will be to take care of the vast number of Canadians who are doubled up; that is, who are living not as single family units but with in-laws or friends through economic necessity. It is computed that it would require some 370,000 new dwellings in order to provide single unit dwellings for Canadian families in the urban areas of this country. In addition to the 370,000 dwellings required to meet that particular need there would be in the neighbourhood of 140,000 units necessary to replace urban substandard or slum housing.

If you add those figures you will find that they total over half a million, representing the number of dwellings which are needed in Canada. If you add to that the number of substandard rural dwellings which will have to be replaced, you would have to add another 123,000, thus making a grand total of 623,000 dwellings.

As far as the doubling up is concerned, I note that a few years ago Mr. Mansur suggested a certain amount of this doubling up was voluntary. In the brief submitted to the royal commission by Central Mortgage and Housing Corporation, however, they do admit quite candidly that the doubling up is not through choice but is rather through economic necessity. Indeed, the congresses' brief places on record certain statistics which prove quite conclusively that those families with low incomes are the ones forced to live in overcrowded conditions and to share accommodation with other families.

The brief points out that where the head of a family is earning over $6,000 a year the percentage of families not maintaining separate households was only 1·43 per cent; for those with an income of $4,000 to $6,000, it was 3·1 per cent; for those earning between $3,000 and $4,000, it was 6·17 per cent; for those earning $2,000 to $3,000, it was 10·64 per cent; for those in the $1,000 to $2,000 bracket it was 14·7 per cent and for those receiving less than $1,000 it was 19·46. In other words the lower the income, the greater is the economic pressure on families to double up and share accommodation. I think anyone can readily see from the standpoint of public health alone that this situation is not one which should commend itself to the government.

In relation to the figure of 623,000 which I suggested represents the number of dwellings necessary each year to take care of our natural growth, perhaps one should make certain allowances. There might be a few families who prefer to live doubled up. Also, there may be some dwellings which are slated for replacement but which with extensive alterations and repairs might be made habitable again. But even making allowances for these factors I think one could agree with the joint labour brief that 400,000 dwellings is the barest minimum of the housing backlog facing the country at the present time. At the present rate of home construction, bearing in mind the number of starts and completions last year, it would take 10 years to counteract that backlog. I suggest that the legislation which the government is bringing forward must do something to accelerate the elimination of this tremendous backlog.

In dealing with the question of Canada's physical capacity to meet our housing problem I thought that two years ago the minister suggested that we have a capacity for around 135,000 dwellings per year.

Mr. Winters: I was referring to a statement made by the Canadian construction association.

Mr. Ellis: I think the figure would seem to be quite accurate. I understand that last year there were 138,000 starts and some 128,000 completions, which indicates that last year we did meet the yearly requirement so far as housing is concerned and nibbled away to some small extent on the backlog to which I have been referring. However, a great deal will have to be done if we are going to bring about some amelioration of the conditions existing in the country at the present time.

Of course the major factor is the ability of people to pay for housing. I have dealt with part I of the National Housing Act and have pointed out that under its terms anyone earning under $4,000 a year could not hope to benefit under the provisions of the act. I think the latest figures reveal that the cheapest N.H.A. house is something in the neighbourhood of $11,700. If that figure were amortized over a period of 25 years at the present rate of interest it would require an individual having an income of at least $4,000 in order to enter into a contract to purchase a home under that particular section.

I repeat my question: What is the government proposing to do to extend the provisions of this act to those who earn lower incomes? Does the government feel that home ownership is primarily the prerogative of those who earn $4,000 a year or more, or does it feel that some measure should be taken to provide home ownership for those earning incomes much lower than the present minimum figure required under the N.H.A.?

It seems to me that that is the crux of the problem. We have to provide home ownership possibilities for a much greater number of Canadian citizens than are provided for at the present time. For those whom we cannot serve from the standpoint of home building or home purchasing some provision will have to be made in the way of low rental housing. If that entails an element of subsidy, then we must face up to that question. Apparently we have no hesitation in subsidizing business generally. Our tariff structure is perhaps the biggest form of subsidy in existence. This house has been called upon to subsidize the gold mining industry, the argument being that a whole segment of the population is vitally concerned. Surely housing is important enough that the government should consider the absolute necessity of providing a greater measure of assistance for those in the low income brackets.

I realize that sections 16 and 36 of the National Housing Act contain certain possibilities, but I would remind the minister that while the rentals possible in connection with low rental housing projects may seem low to a great many Canadians—it would seem a low rental to many of us—I am sure that there are many Canadians to whom $58 or $60 a month would not be a low rent. Certainly it is low in comparison with $125 or $150 a month. Low rentals, such as would be possible under section 16, are simply relative. To a vast number of Canadians such rentals would represent a high rent.

The minister will recall that when the N.H.A. was under discussion before I referred to a project in the city of Ottawa and I quoted from an editorial which had appeared in the Ottawa *Citizen* which pointed out that even if that project were completed it would not meet the needs of a great many Ottawa citizens whose salaries are quite low, that they would not be able to qualify for accommodation in that particular project. A few minutes ago the hon. member for Eglinton pointed out that the limits set on occupancy in particular low rental housing projects denied access to a great many low income earning Canadians.

It seems to me that we have to accelerate our program and shift the emphasis from assistance for those with relatively high incomes—I use the word "relatively" because there is a difference of opinion as to what constitutes high income—and in this connection I agree wholeheartedly with the joint submission by the labour congresses to the royal commission on Canada's economic prospects, and I quote from page 115 as follows:

> But we are most strongly in favour of more public, subsidized low-rental housing under section 36. More of this is urgently needed. This, and cooperative housing, are the only methods which will provide decent housing for the people who need it most. On the whole, hitherto, our national housing policy has concentrated on helping people of moderate, or more than moderate, income. It is time for a shift in emphasis.

We now have before us a resolution purporting to bring about an improvement in housing and living conditions in Canada. There are six sections to this resolution but even with the minister's statement we do not know what is involved. We shall watch carefully to see whether the government is taking cognizance of the need for assistance to Canadians in the low income brackets. It is all very well to boast, as the minister did earlier in the session, about the number of starts made last year and the fact that we are now finally catching up to current needs, but so far the government has done little or nothing to provide for the housing needs of Canadians with low incomes. We shall watch this proposed legislation most carefully. I want to ask the government whether it has learned

from its experience under the previous legislation and whether it now realizes the necessity of shifting the emphasis toward the provision of housing for those people in Canada who need it most.

Mr. Hahn: Mr. Chairman, we in this group welcome the opportunity of again being able to discuss Canada's housing legislation. In 1953 when the housing act was first reintroduced for a complete revision we expressed our opinion that the act did not meet the needs of the people. From what I have heard of the discussion up to now I am not too satisfied that this present resolution is going to do a great deal more in that respect.

I was interested in what the hon. member for Regina City had to say because I agree with what he says about low rental housing. However, I wonder whether the figure of 623,000 as the number of dwellings being required is a true statement of fact.

Mr. Ellis: The hon. member will realize that I was quoting from a brief submitted by the labour congresses. If he is taking issue with that figure he should take issue with the congresses' brief.

Mr. Hahn: I am not questioning the fact that 623,000 dwellings are required in Canada. I am just questioning whether they took into consideration the fact that thousands of people today do not want houses under the National Housing Act. They want to own their own homes, and they want to own them completely, without owing anybody. I do know that the Canadians of former years certainly wanted to build homes and I am satisfied that they did not want to borrow money to do so. I would say that the figure of 623,000 would be quite accurate if they could get homes at the prices at which they want them and are willing to pay for them, and with the down payment which they are prepared to make on them.

I am not disputing the fact that we could use 623,000 new homes. We could probably use more than a million new homes if every person in this country who owns a home were asked if he would like to replace it with a better one. But there are thousands of people living in homes today—some of the 623,000 referred to by the hon. member for Regina City—who, if you asked them specifically whether they wished to change their homes for new ones and go into debt for $6,000 or $7,000, would say offhand that they were not interested. They would say, "We want to own our home. We own this one and we are not interested in going into debt any further at this time."

However, that does not exonerate this government from the responsibility it has with respect to the low-rental homes in this country. In 1953 I spoke to the resolution, and at that time I indicated that I felt there was a large group of home owners in this country who needed legislation that would cover financial assistance for home improvements that was not being afforded under the terms of that act and that would be desirable in so far as they were concerned. I think I repeated that argument later when the act was again brought before us for revision. Now I feel satisfied that in this present resolution and the explanation I heard I find very little that would indicate that this is going to be taken care of.

Speaking specifically to the resolution, I see in paragraph (a) that we have the following:

> . . . to provide for payments of contributions to municipalities in order to assist in the clearance, replanning, rehabilitation and modernization of blighted areas, . . .

That is most desirable, so much so, in fact, that I would endorse it 100 per cent; but I am not satisfied that under our present scheme of things it is going to be taken advantage of very freely, by reason of the fact that the municipalities that should take advantage of the act are those which are growing most rapidly. They are in the unfortunate position of not having sufficient funds to do that very thing. They are the municipalities that are actually more in need of financial assistance, rather than giving it to anyone else.

The reason for that is quite obvious. Their populations are growing very rapidly, and therefore there is a greater demand for public utilities and public services in those particular areas. They require new sewage works, more sidewalks, roads and policing and the other services that we find in these communities. The people in those areas, because they are progressing so rapidly, are those who are spending more in income tax, and the corporations are spending more in corporation tax. Of course when the inhabitants die they usually have more money; therefore more death duties as well are collected. Those very communities are sacrificing in two ways. They represent the wealthier sections of the country. That is where you have the greatest need for housing. Financially they are turning more and more money into the coffers of the federal government and are receiving less and less in return.

It seems to me that these areas certainly want to help all the other areas. There is no denying that. But they require a greater degree of assistance when it comes to making it possible to alleviate the housing conditions within their own areas, largely by reason of the fact that I indicated earlier, that they are the quickest growing and represent the wealthier districts within the country but,

because of our equalization of taxation laws, they are also in the most difficult position.

These municipalities do not know where to get the money. When I listen time and time again to the pleas for more housing and more money from this government, or any other government for that matter, I wonder exactly what the source of this revenue is going to be, unless we change our economic methods within this country. I would say that some recognition must be made of that.

I was thinking particularly along the line indicated by the hon. member for Regina City with respect to getting this financial assistance. We have members in this house who damn this government and anybody who considers that United States capital should come into the country. If we as taxpayers are going to build pipe lines with Canadian capital, build up our industries with Canadian capital, and try to build our houses as well, with a program such as was outlined by the hon. member for Regina City—and in this connection they will probably speak in this debate along the lines that we need 623,000 dwellings in this country—I am satisfied we are going to have to change our economics. It is just not possible to carry on in the present fashion of saying no to investment capital and anyone else who is trying to help us in one way or another.

I was thinking particularly—and I noticed this with some interest and some anguish, I might say when I read it—of an item in the Vancouver *Province* of Saturday, April 21, on page 23. I just want to refer to one paragraph, because it would have such a detrimental effect upon housing if that is what the hon. member thinks. This is an article datelined Washington, D.C. It states:

> What's the fuss about U.S. "imperialism"? . . . They are considering, as in the commerce department, whether the U.S. government shouldn't publicly advise American businessmen of the extent of that feeling in Canada against U.S. control of industry, and advise some judicious methods for dealing with the problem.

If we are going to refuse that, then where are we going to get money to help our housing schemes along? I say that is the most important factor and must be kept in mind all the time. These things are interrelated and they must be remembered as such.

I turn to paragraph (b) of the resolution. It says:

> —to increase the aggregate amount of home improvement loans that may be guaranteed, from one hundred and twenty-five million dollars to two hundred million dollars;

Of course that would naturally follow, in view of the fact that we have this modification in the earlier part of the resolution, if it is taken advantage of and we have further investment in housing in the area. I am wondering whether the minister would, in the course of his answers, indicate to the house what effect the insurance clause has in the act itself and whether or not we have lost much—we would not have lost, of course, but whether there was much demand on the insurance fund—

Mr. Winters: There has been none.

Mr. Hahn: —and the exact sum that was involved, in view of the effectiveness of that legislation for the past year or two and the fact that we have an insurance clause which carries a high interest and which provides that the premiums will be paid or that the rents will be paid. Then I should like to know, since we have such a buoyant economy, whether the fund had any drawings on it whatsoever.

The fourth part of the resolution has to do with housing research and community planning. That too is very important. The hon. member for Regina City mentioned that many homes were destroyed by fire during the past year. That is a most unfortunate condition and one that in my opinion is not absolutely necessary. However, no matter what our housing regulations may be, there is an onus of responsibility upon the householder himself. I am satisfied that the minister or his officials cannot go about the country policing homes in order to see that householders do not overload their electrical circuits and outlets with too many appliances.

So far as the construction of new homes is concerned, we as legislators have a responsibility to see to it that inspections are made to ascertain whether or not the regulations are being complied with, so as to be absolutely certain that new homes are as fireproof as possible. We should see to it that there is as much non-inflammable construction as possible, foolproof electrical conduits, simplified heating and everything else that will prevent a recurrence of the fires that took place in the Ottawa region and in Ontario last year which caused millions of dollars of damage. That is a most important fundamental in the building of new homes.

So far as old houses are concerned, advantage should be taken by people of the new act, and the only way that can be done is to make its provisions known as widely as possible to those citizens who own old homes. I am sure that many of these people, if funds are made available to them at a nominal rate of interest and they are given a longer period of time in which to repay, would take advantage of the provisions of the legislation to change the wiring of their

homes so as to make it possible for it to carry the load it is expected to carry. We probably would not have a repetition of the disastrous fires we have had during the past year. Our responsibility does not end with the amending of the legislation. We have a greater responsibility to let people know that the act is being changed and that it will be possible for them to take advantage of its provisions to alter their homes in such a way as to make them safer.

I am satisfied, Mr. Chairman, that the minister has received certain correspondence from such organizations as the Vancouver housing association drawing his attention to the plight of many citizens in the poorer groups who are unable to house themselves properly. I refer to old age pensioners, our senior citizens, those who come specifically within the low income bracket. Those individuals and others with incomes of $4,000 a year or less are the ones who require a greater degree of help. I have, for instance, an editorial from the Vancouver *Province* of December 14, 1955, headed, "Needed—An Under $10,000 House". In my estimation that is one of the greatest needs in housing development today. We need such homes for the proper housing of people in the low income group, houses that will be built according to proper specifications. Incidentally, I am quite satisfied that if the research bureau were to investigate the matter further they would find that it was practical and possible to build a house to meet the specifications set out under the National Housing Act and which would at the same time cost less than $10,000. The editorial reads in part as follows:

> Amendments to the National Housing Act next year—

That is this year.

> —will take the emphasis off suburban building and encourage the reconstruction of older areas inside the cities. This is good. It is good for the suburban municipalities, which have been struggling to keep up with the demands for roads, water mains, schools, policing and all the other services for subdivisions that have been sprouting like mushrooms.

Dealing with that portion of the editorial, the very fact that the suggestion has been made that we should now rehabilitate certain sections of our cities where for various reasons houses have fallen into a state of disrepair merely indicates the necessity of taking advantage of the existing facilities. In this case the water mains are already there, the roads are there, the sidewalks are there and the sewage disposal units are there. Yet these sections of our cities are not being used to the best advantage. It becomes necessary that these areas should be used to better advantage. Every available plot of ground must be used to advantage in these areas that are growing so rapidly. Possibly certain areas should be used, and rightfully so, for recreational purposes.

However, as I indicated earlier there has been a tremendous growth in the suburban areas in those parts of the nation where there the degree of growth has been greater possibly because of prosperity, and those areas are in great need of assistance. Possibly we can cut down the amount of that assistance by rebuilding certain of the older areas where facilities are already available. The editorial goes on to say:

> By and large, N.H.A. has operated until now at the two ends of the housing scale. It has built homes for the ranch style and patio set with incomes of $6,000 and upwards, and it has done a certain amount to encourage community housing for those with low earnings or small pensions.

The words used there are "a certain amount to encourage community housing." That part of the editorial again causes me to pause, because I feel that therein lies the greatest need that we face in Canada today. I should like to refer to a recent issue of the Vancouver *Province*, that of Saturday, April 21. On page 18 there are some photographs of various homes in the Vancouver area showing what national housing has done. Underneath there is an article by Jack McCaugherty entitled, "Tiny Pensions Doom 42,000 to Live in Unfit B. C. Hovels." That, Mr. Chairman, is an indictment of the people of this country. Why should this newspaper, which has a circulation of over 300,000, be in the position of being able to tell the people of this country that some 42,000 people are doomed to live in unfit British Columbia homes? I do not intend to read the whole article, but the first portion of it is as follows:

> Thousands of Vancouver's older citizens are tucking themselves away in the dark corners of the city, forced into run-down housing that isn't fit to live in. They have no choice. Their pensions won't buy anything better. Like the old lady who lived in a backyard garage without water and plumbing. The snow blew in through wallboards during winter. She had to share the bathroom in the landlord's house. If the landlord went away for the week end, the house was locked up, and with it the toilet facilities.
>
> Or like the basement "suite" that rented for $35 a month with windows so small the lights had to be left on all day. And when it rained, the entrance was flooded, and pensioner tenants had to wade in.
>
> Or the old woman who lived in a former stable. In cold weather the landlord shut off the water, fearing the pipes might freeze and burst. But rent was still $20 a month.
>
> These are cases recently checked in Vancouver by housing groups.
>
> They are examples of the plight of thousands of almost-forgotten senior citizens who with limited

income are forced to take dark, damp, unserviced quarters that give little comfort for their declining years.

A few non-profit societies have given this area some comfortable low-rent units for aged citizens. But the projects don't begin to meet the need.

Now, Mr. Chairman, that article is self-explanatory, so I shall not comment upon it any further. I would only suggest to the minister that he take into consideration not just the economics of the situation, as was suggested by the hon. member for Regina, not just the fact that we need 623,000 homes in this country, but the fact that we do require homes as quickly as possible for a certain group of citizens who are, practically speaking, being starved to death. I daresay many of these people have found an undesirable way out. These people need attention, and the best attention we can give them today is to make a home available to them that will be a credit to our nation.

One paragraph in the brief which the minister is supposed to have received from the Vancouver housing association in October, 1955, reads as follows:

With the removal of rent controls in British Columbia, the following rent increases demanded of pensioners were reported: From $25 to $42.50 (widow), from $21 to $45 (couple), from $25 to $42.50 (widower), from $17 to $30 (widow).

Some of these people in British Columbia are more fortunate in that they are eligible to get assistance under the means test. They may get as high as $60 per month. If the rents paid by these people compare with the rents paid by the people in other parts of Canada, then they do have too little left upon which to live. The brief goes on to say:

Any steps taken to increase the supply of low rental housing for this group will at the same time increase the real value of the pension and reduce the pressure of demand for a higher pension.

I am satisfied, Mr. Chairman, that if the minister were to discuss this subject with the Minister of National Health and Welfare he would find that gentleman in agreement with the view that if the housing authority could possibly make homes available to these elderly people at low rentals, then the demands for a higher pension would be somewhat offset by the amount which these people had left to buy their food and clothing.

Then there is another group which is mentioned in this brief and to which I should like to draw the minister's attention, as he may wish to make some comment about them. I refer to the families in receipt of social assistance. One paragraph in this brief says:

Average rents paid by families in receipt of social allowance in the city of Vancouver are considerably in excess of the minimum rental payable by working families admitted to public housing projects.

Note the significance of that, sir. The rental paid by these people is considerably in excess of the minimum rental payable by working families, yet these people are on social assistance and the taxpayers are helping to pay that rent. The brief says:

Yet for these rents they can often only obtain accommodation which jeopardizes their physical and mental wellbeing. A recent sample study of families of three persons or more in receipt of social allowance in the city of Vancouver showed that nearly half were living in accommodation which was seriously substandard or overcrowded.

Therein, Mr. Chairman, lies the problem we have today in respect of housing. I would submit that we do have to use our research branch to plan our communities with only one thought in mind at this time, and that is to see that these people in the lower income groups have housing made available to them at low rentals. I must conclude by saying that what Canada needs is a serviceable $6,000 to $8,000 home.

Mr. Pearkes: I welcome this opportunity to say a few words to this committee, and I endorse the general remarks which were made by the hon. member for Eglinton. It is my intention to call particular notice to the housing conditions in suburban areas rather than to discuss the details of construction in the cities. I notice that the principle behind this resolution is to further improve the housing and living conditions in this country. Obviously, we are all in favour of any measure which will improve those conditions. My principal concern is whether the present resolution foretells a bill which will go far enough to meet the situation as it exists now.

During the Easter recess when I visited my constituency, large numbers of people made representations to me expressing concern over the housing situation. This number included not only the reeves of municipalities but also representatives of service clubs, bankers, real estate agents and those who were home seekers.

Immediately following the cessation of hostilities at the end of world war II there was a large number of homes constructed on Vancouver island. After a year or two the rate of building and the granting of permits declined. According to the figures I have available the lowest ebb was reached in 1951. Since that date the curve has been rising

steadily, with the result that today the level is back to the rush year of 1946 and demand is as high as ever.

While the demand is high it must also be noted that the price of the home has also increased. The cost of home construction on Vancouver island today is at least one-third greater than it was in 1946. This results from increased cost of labour and materials, the rising value of land, the cost of surveying and the cost of providing the various services. The result is that loans under the National Housing Act are no longer available to the individual of moderate means.

When I say the individual of moderate means, I am referring to employees at the shipping yards, for instance, the dockyards of Victoria and even municipal employees. I have an instance of a police constable who was in steady employment at $300 a month, but he failed to qualify for a loan which he required—it was quite a moderately priced house—because he was not able to come within the 23 per cent ratio. In fact the increased costs due, as I said before, to the cost of labour and materials, are putting a great many would-be house owners out of line and out of reach of a national housing loan. Every time there is an increase in the mortgage payments a few more people are put out of reach of those loans. It is all very well to say that in certain cases you will allow a little more than the 23 per cent, but that does not really compensate for those astonishing costs of construction.

One thing which has sent the cost of construction sky high is the requirement of certain specifications as laid down in the regulations. These specifications seem to have been drawn up on a national basis and are not sufficiently flexible for the particular agents of Central Mortgage and Housing to adjust to the various locations across the country. The same kind of construction is not necessary on Vancouver island as is required in the colder parts of Canada. When you find that in a small house of 850 square feet with a basement you are asked to put insulation in the basement walls it adds to the cost, and it is quite unnecessary in the milder climate of Vancouver island. Therefore I feel that something should be done to adjust those specifications in order to make them more applicable to the different parts of the country.

In my constituency at the present time there is a great demand for additional houses. Many of the people want small houses rather than a larger type of house which seems to be required by Central Mortgage and Housing. The price of a small house, if it meets all the specifications which are demanded by Central Mortgage and Housing, soon gets out of reach of people who are anxious to live in suburban districts. We find that some of the larger estates which had acreages of from three, five to seven acres surrounding them are now being divided up. The children are grown up and have gone to live elsewhere, and the house has become too much for the elderly couple to maintain. They would like to divide up the estate, or perhaps it is a farm in the fringe area between the rural part of the island and the urban home districts.

When these estates or farms are subdivided, the purchasers make inquiries as to whether it is possible for them to obtain a national housing loan on the property. All too frequently they are told it is not possible because the area is not being serviced. No sewers are laid in that area. The district may be several miles away from the central part of Victoria. The lots may be of considerable extent, an acre, or something of that nature, but still they are not approved areas because there is no prospect of sewerage being established in the area, and septic tanks will not be approved.

Of course if someone wants to build a house without getting a National Housing Act loan there is no objection to their building and using a septic tank; but in those small subdivisions which are being offered there is the restriction that they cannot have a National Housing Act loan until sewerage has been put in. The municipalities simply have not the funds to develop those fringe areas with the services required.

Therefore it seems to me that something is required more than is indicated in this resolution, some legislation which will enable and encourage the building of small houses in the suburban areas, something which will give the opportunity either to the company that is going to develop the subdivision or the municipality to put in the requisite services. Frequently in my district water has been laid on. There is plenty of water available, but there is not the opportunity to put in the sewerage system that is required because of the heavy rock formation.

Then there seems to be a tendency on the part of Central Mortgage and Housing actually to discourage the building of houses. People are in need of accommodation. It is of little use to say, "You may build a house in the already built-up area" when the individual requires a house in the suburban area. The tendency seems to be to insist upon every vacant lot being built upon in the urban areas before any assistance will be given to the construction of houses in the suburban areas.

An impression is created in the district of greater Victoria that houses in the suburban areas are being discouraged because Central Mortgage and Housing have taken over a large tract of land in the city of Victoria which was at one time reserved for an airport. The particular land is not attractive from the point of view of ideal residences. It is rather low-lying and flat. While it would be very suitable for business construction, it is not the type of location that the majority of people who are anxious to build houses on some part of Vancouver island desire. If these suburban or fringe areas are being discriminated against in order that Central Mortgage and Housing Corporation may dispose of their lots in the area which is known as Lansdowne park airport, I feel that is not right. There should be an easing of the strict restrictions which are now placed on the construction of small subdivisions which have been developed in the Gordon Head area, around Royal Oak and along the Wilkinson road.

It is particularly the problem of home construction in the suburban areas which I wish to draw to the attention of the minister this afternoon.

Mr. Cameron (Nanaimo): Mr. Chairman, I was one of those who two years ago took a rather dim view of the National Housing Act to the extent of voting against it, because I felt at that time that the act as then presented to the house was not going to deal with the real housing problems of the Canadian people.

I would have been pleased, Mr. Chairman, if by now, after that act has been in operation for two years, I could have been proved wrong and that the housing needs of the Canadian people had actually been met. Unfortunately, of course, that is not the case.

I was interested in reading the tenth annual report of Central Mortgage and Housing Corporation to find on the first page this paragraph:

> The Canadian people have shown an unmistakable preference for the single detached house as a place in which to raise a family and to spend leisure time. The possession of a house and a piece of land has been an aspiration and a motive in life. Fortunately the earning power and the productive capacity of the nation have made it possible for a new generation of Canadians to realize this desire. About 70 per cent of new housing has been in the form of home ownership.

That is rather interesting, Mr. Chairman, when we consider that the houses of the type which are built under the National Housing Act are, as has been commented upon several times this afternoon, confined to those people with incomes of $3,600 or more a year. I find on looking at the figures brought out by the bureau of statistics that the vast majority of the Canadian people do not fall into that category at all. I looked at the list of the various categories of incomes, and deciding to bend over backward to be perfectly fair about this I eliminated those getting incomes of less than $1,000 a year for the purpose of this discussion, because I imagine that the bulk of these are young people in their first jobs probably living at home. They are not likely to be the ones who are building houses.

Even when we do not take those into account I find that out of three million workers earning more than $1,000 a year in Canada, 2,400,000 of them earn $3,000 or less and therefore are completely out of the picture with regard to building houses under the National Housing Act. What it really amounts to, Mr. Chairman, is that this 70 per cent of new housing which is spoken of in the report of Central Mortgage and Housing Corporation has been built for some 10 per cent of our population.

It has been suggested that large strides have been made in overcoming the housing shortage in Canada, but that contention does not seem to be borne out by the brief which was presented by the planning board, heads of departments and officials of the municipality of metropolitan Toronto to the royal commission on Canada's economic prospects, because I find in that report on the housing situation in the city of Toronto we have this statement. They point out that the existing shortage is some 25,000 units. In the period between 1955 and 1980 it is calculated they will require some 460,000 units. They have some other figures dealing with the age of the houses that are in existence which I think would probably increase the requirements for housing there. We find that many of them will be 65 years old by 1980 and the majority of them may be well over 100 years old by that time. These are units that are still considered as useful and usable housing.

The report has this interesting statement to make, too, Mr. Chairman:

> Both the typical apartment units being constructed and the suburban houses appear to be available to only a relatively small segment of the total population. In 1954 median wage or salary income in the area appeared to be less than $2,900, and less than one quarter of the wage and salary earners received more than $4,000. It is doubtful that these levels have increased by more than a few per cent since then. Nevertheless, the minimum going rental for new 2 bedroom apartments in the city is around $135, and in the suburbs it is around $105; average rentals are, respectively, $150 and $120. Even allowing for multiple wage earners in many families, it is unlikely that as many as 10 per cent of the families in the area can afford to pay even the minimum going rentals for new apartment accommodation.

It would appear from that, Mr. Chairman, that not only is the 70 per cent of new housing which consists of single homes confined to a very small percentage of our population, but that a very large part of our rental housing projects which have been going up is also confined to people in the same income bracket. Pointing out the situation in the Toronto area, the report says:

> Nor can the majority of the area's families afford to buy single-family houses in the suburbs, which constitute the bulk of the area's supply of new housing. Minimum qualifying income for an N.H.A. loan on the cheapest sale unit which is currently available in the Toronto area—semi-detached houses in Scarborough selling at $10,500—is $3,600; with a working wife in the family, the minimum qualifying income for household heads is at best $3,100 or $3,200.

I think these figures show conclusively that while the National Housing Act might have been extremely useful to the more fortunate segment of our population which is in the minority, it has been completely useless with regard to meeting the housing requirements of the vast majority of our people. One does not need to look at reports of this kind to know what the situation is, and one does not need to look outside the city of Ottawa to realize that many people are living in dwellings which are unfit for human habitation.

Mention has been made here on several occasions of the appalling record of fires in this city. It is perfectly obvious, when one reads of the districts in which they take place and when one sees the pictures of the dwellings, that these are substandard dwellings that should have been abandoned long ago. The people within them, of course, fall into the category of those in an income bracket who cannot afford either to rent decent rental accommodation or to build an N.H.A. house.

I was interested in the comment the minister made when he opened this discussion, and I hope he will correct me if I misunderstood him. I understood him to say that the act was to be widened in such a way that the federal government's contribution toward land assembly and the clearance of slum areas could perhaps be applied to an area part of which at least might be devoted to the assembly and clearance for industrial purposes. Was I correct in that?

That immediately raises the question in my mind as to what is going to become of the people now living in those areas. What provision is going to be made to provide them with some reasonable alternative for the habitations they are now in, if areas that are going to be assembled under this act are going to be taken out of housing and placed in industry? I think that is an all-important problem to be considered.

As the hon. member for Eglinton pointed out, in the Regent Park development in Toronto more people were housed than originally lived in the area. I suggest that if the policy enunciated by the minister is to be carried out and if an area is to be cleaned up at the cost of available housing accommodation, because part of the area is to be put to industrial uses, some provision will have to be made for those who may lose their accommodation. The minister shakes his head. That would seem to indicate that the area would be large enough to provide a sufficient number of apartment houses to house as many as or more than the number of people now living in the present housing units. I did not notice the minister suggesting that there is to be a limit to the amount of an area that might be devoted to industrial purposes.

While I am on this question of apartment house construction may I suggest that there is an urgent need for some supervision with regard to the type of apartment construction now going on in some of our city areas. Perhaps these apartment buildings were not built under the N.H.A., but buildings have been constructed which never should have been allowed to be constructed. I have been spending my week ends lately visiting two members of my family, one of whom lives in Toronto and the other in Montreal, both living in comparatively new apartment houses. I venture to say that those buildings are nothing short of a disgrace. In one instance the building was built only two years ago, in the other instance five years ago. The rentals being paid could be paid only by people getting at least the $4,000 per annum which has been suggested as the minimum for building under the N.H.A.

Many of these areas now being built up will degenerate into slum areas before very long. I suggest that the federal government should be taking vigorous action in conjunction with the municipalities, much more vigorous action than is suggested by the words of the resolution now before us. I suggest that perhaps we should take a leaf out of the experience they have had in Great Britain. When I was there two years ago I was much impressed by the extent to which the public authorities, both the central government and the county councils, in conjunction had embarked upon the provision of low rental housing for the people of Britain.

While admittedly much of that housing would appear to us as being hopelessly outmoded in design, this was not true of all parts of Britain. I was particularly pleased to find that in the remote parts of the west highlands of Scotland, where my ancestors came from, they had some excellent housing

projects, in some of which I stayed, which were built with a combination of county council and central government funds. If the people of Britain are able to undertake enterprises of that sort in order to take care of their people, then a much wealthier country such as Canada should not be falling behind in that regard.

I suggest that the figures we have from such organizations as the municipality of metropolitan Toronto indicate that so far the National Housing Act has not even begun to cope with the problem of housing the Canadian people. While it may be true, according to the report of Central Mortgage and Housing Corporation, that the Canadian people have shown an unmistakable preference for single detached houses, I suggest that for the vast majority of the Canadian people that is like having a preference to become a millionaire. It is very nice, but it is something quite beyond their reach. Experience shows that they are just not going to get it. The result is that we have to pay some attention to alternative types of housing.

I find the trend toward apartment dwelling quite unpleasant. I would not like to live in an apartment, but apparently that is to be the fate of many of our people. If that is so, then there should be some real effort made to create apartment house developments of the proper type. I have been impressed with the unfortunate position in which many young couples are placed through having to live in apartment houses in our large cities. I really do not know how they manage to raise their children, because there is only one place for the children to play; that is on the sidewalks.

I suggest that our municipalities should be encouraged and aided by the federal government on most generous terms to develop apartment house units which would provide some of the amenities that go with living in detached houses, which is the hopeless ambition of many Canadian people according to Central Mortgage and Housing Corporation. I suppose the resolution we have before us represents one slight faltering step toward improving an act which in the last two years has been demonstrably so deplorably weak.

I should like to see the act much stronger than it is, and I would be able to vote for it with much more vigour if it were. I think this new legislation is going to fall short of doing what all reports tell us has to be done. Why the government is hanging back, I do not know. I suggest that before very long alternative fields of investment for public funds are going to be one of the major problems of this government, and I can think of no field that is more worthy of their attention and serious consideration than that which is offered by a real attempt to grapple with the housing problem of the Canadian people.

I hope we are not going to hear any more about our proud record of building houses in Canada when we are faced with facts such as those presented by the metropolitan council of Toronto, when we are faced with economic facts such as are presented by the bureau of statistics, which prove beyond any doubt that the present housing act is incapable of housing the Canadian people. It may be that we have built over 100,000 housing units, but let us see whom we have built them for, let us consider what income brackets have been affected. I am strongly of the opinion that in a matter like housing we should be starting at the bottom, we should be making sure that there will be no longer in Canada families living in the sort of houses we find right here in the city of Ottawa, houses which are so defective in construction that they result in disastrous and fatal fires. Such houses constitute a most disgraceful and broken down slum area, such as can hardly be equalled in any city in Canada.

These are the problems which this government does not seem to want to tackle. It wants to tackle the rehousing of people with fairly adequate incomes on a sound actuarial basis by guaranteeing bank loans that are going to be paid back anyway because the people have sufficient income. I suggest that we should get right back into the public housing business; we should realize that the housing of the Canadian people is the responsibility of the whole community in Canada, and we as representatives of that community should be pressing for amendments that will be wide and strong enough to accomplish that purpose.

Mr. Hamilton (York West): Mr. Chairman, I hesitated a little to rise at this time, because I said to the minister at noon that I would not say anything unless I knew what I was talking about. So I am under quite a disability here this afternoon.

I should like to repeat at this time the tribute that was paid to Mr. Mansur for the work he did as head of Central Mortgage and Housing Corporation, as it was echoed by the hon. member for Eglinton. As a matter of fact I should take particular pride in it, because Mr. Mansur has moved to York West and is presently engaged there in helping us along with real estate development in my own constituency. As a matter of fact his choice of York West may have been motivated by the fact—and I think the hon. member might confirm this—that we have probably as much housing going on there under the provision of his statute as anywhere in Canada.

I was thinking this afternoon that there is some type of change in this house in connection with the discussion of housing; not that I have been here so long, but there was a certain degree of urgency about it in previous years, and that seems to have disappeared to a great extent. As a matter of fact I do not hand out congratulations very often on a general basis, and I can only feel that if that sense of urgency has disappeared from this house to a great extent then the minister himself should be congratulated, because he must have had a good deal to do with alleviating that previous feeling that it was most important that many things be done for housing in general. So I congratulate him in connection with the strides that have been made in housing. I feel they have been giant strides, and the figures that have been given indicate that we are going a long way toward solving this housing problem.

I should not like to go along with some of the suggestions I have heard this afternoon about rental housing. I listened to the hon. member for Nanaimo as he talked about the great public housing we need now. I think we probably do, but it seems to me that the thing of most vital importance in connection with housing is the construction of individual homes. The home is the place where the lifeblood of the nation is best fostered. As long as we have good, strong homes contained in individual housing units, to a great extent we are going to have a great and strong Canada.

When we talk about all these people who require housing, there is a group of people about whom we have been forgetting. I think they are the forgotten class. We attempt to cover the whole sphere as well as we can, but it seems to me that the people who are really feeling the pinch at the present time are the white collar workers. They are the people who seem to contribute to every fund that comes along—it does not matter what it is—to unemployment insurance, and so on, and they are also the people that do not seem to get anything out of anything. So I feel they are the people for whom we should see what we can do in connection with broadening the scope of our activities in our housing program.

We heard the hon. member for Regina City talk about doubling up. I do not think it is voluntary. It may be voluntary to the extent that a great many of the landlords are doing it voluntarily because they must have that income in order to meet the rising cost of living, which is reflected for them to a great extent in the rising municipal taxes. It is most important that we do not make that type of living compulsory if we can possibly avoid it. Of course for the other party to the doubling up, about whom we have heard, it is compulsory from their standpoint because they cannot put together even the small amount that is required now in some instances as a down payment under the act.

So I do not think people can be considered as doubling up voluntarily. I think it is a compulsory solution for them. Believe it or not, I think it applies more to that group of salaried white collar workers who, as I say, seem to be feeling the pinch all around in connection with the rising cost of living.

I might mention as well that I am just wondering about the question of the interest rate, which I see fluctuates a little. I think the minister's interest rate is probably tied down to the rate set by the Bank of Canada for loans to the chartered banks, and they in turn are passing it on. The same type of financing is reflected also in this particular legislation. However, there appears to be little reason for that fluctuation. I have been told it is required to be raised periodically because building materials are in short supply, and that is one way to do the job.

As long as housing is required, as it is, there seems to be little reason for a guaranteed loan to be fluctuating. I might mention that when it fluctuates upward and a man is told, "This year you are going to pay 5¼ per cent instead of 5 per cent, or 5½ instead of 5¼ per cent", remember that when it is dropped down next year you do not do anything for him because even under the best mortgage legislation he would have to go five years before he could refinance and have his interest rate dropped. So when you raise it and say, "We are doing this in 1956 because certain things are in short supply", then we are penalizing that man for a minimum period of five years.

I might go further. There are other loans that are granted by the regular companies and are tied closely to the plan that is covered by this legislation. Some of them are even for 15-year periods, and you put your name on the dotted line for the whole period. If you wish to refinance, you may do so in five years; but the cost of renewal, the cost of renegotiating the loan, imposes a penalty of a raise in interest, perhaps carried on for a period of ten years, if you wanted to spread it out.

With respect to these guaranteed loans, I feel, for instance, if farmers could get an interest rate of 5 per cent, there is no reason why this type of loan should not be acceptable to the lending institutions when we once and for all set the rate at 5 per cent and saw that it stayed there. There would be no

particular penalty then on anyone for any particular year in which he might have acquired his home.

There is one thing to which I shall be referring as I go along. It is that to a great extent we are not putting up this money. It is not something we are taking right out of the federal treasury and handing around to help people. No; we are guaranteeing it. I think a few of the previous speakers have asked the minister to tell us how much we had to take out of our pockets to make up these guarantees. I should think that, with conditions as they are, this has not cost the federal treasury very much. So I do not think we can sit back smugly and say we are doing a great deal about housing and that it has cost this government a good deal of money.

When we talk about increasing the amount for home improvement loans from $125 million to $200 million, and increasing the amount of loans in respect of which insurance policies may be issued, from $2 billion to $4 billion, we are guaranteeing that much more money, but we are not paying it out of the federal treasury.

Another item that is dealt with in the resolution, which is certainly of vital importance in the area of metropolitan Toronto, is the problem of land assembly. In my opinion this is probably the place where we require the most aggressive action, because if we do not move quickly in connection with the land assembly program the land will slip through the fingers of province and dominion or municipality and dominion. The costs will be so great that the net amount for which we may be responsible will be staggering.

If you talk to people about the cost of house construction at the present time I think you will find that by far the most important item in the fast developing urban areas is the cost of land. You even hear it said that in the case of homes costing maybe $12,000 there may be $3,000 of that amount tied up in the very small plot upon which the home is erected. Therefore if we really want to do something to promote the cause of maintaining the prices of homes at the lowest level possible, this is the direction in which we must look in order to carry out the program. I think it will be found that over the last couple of years labour costs in the construction industry have been pretty well stabilized and are not going up too rapidly. The same is true of material costs. Therefore it will be most unfortunate if the advantages of all the new developments in home construction, the new types of articles now in use that cut the cost of materials and the labour-saving devices now used in construction, are lost in a general increase in land costs. I shall probably refer to this item again in summing up.

Then there is the question of the down payment. I do not think you can have homes for nothing. I think you have to put something into a home. I think you have to have a sense of ownership. If the down payment is going to be so infinitesimal that it does not matter whether you walk out of the home the next day and say that the government can take it, then you are not going to have a very firm base for home ownership. Therefore there must be a down payment of substance that will bring about the retention of that sense of home ownership which is required in order to encourage the people who own the homes to spend time fixing up their gardens and doing all the many things that you see being done in every urban centre. You see people building their own garages, building their own driveways, putting up their own picket fences and painting them, and a person has to have a real sense of ownership to go ahead and do these things.

I think the down payment could be reduced a bit in the case of the higher priced homes, but I certainly would not like to see the situation develop here that I have seen in United States advertisements. There the amount a person must put into a home has dropped to the point where I do not think there can be any pride left in home ownership. I think back to the time when I bought my first home and the down payment was $250. I might say that was under the original act too. But at that time that down payment represented about 10 per cent of the total cost, and there was a real feeling that you had worked hard to get something and you were going to continue to hold it.

Then there is the question of the qualifications for home ownership. We have been talking about the amount of money that must be earned, and I cannot help but think that we are going to have to take another look at the question of dual family income. It seems to me that if we do not we are making a mistake, because the dual family income is being used to buy a television set, a new refrigerator, a new combination radio-phonograph. Surely if the dual family income is available and is being used to provide these amenities, we would be very much better off if it were used to provide a firm basis of ownership in a home. I suggest to the minister that he take another look at the qualification required and the restrictive type of legislation we now have with respect to including the income of a wife in connection with the down payment and the carrying charges.

There is another point I should like to deal with. The resolution refers to research, and the fact that we are going to provide about $5 million for that purpose. I took a look at the amount we are going to guarantee under the legislation and it is about $4 billion. I have done some figuring, and the amount to be spent on research comes to approximately ·125 per cent. I assume that includes all the contests held for architects in order to get the right types of houses designed, and that it also includes the planning for the various communities.

If there is any place we have fallen down, and fallen down badly, I think it is right there. I do not think we have made proper use of these facilities. I am concerned that in spite of the fact that contests are held and plans are designed, I can still go out and see row upon row of the same type of housing being built, I think one hon. member said that this might result in our having further blighted areas in years to come.

I would say that we should take advantage of the research personnel we have available. It seems to me that if we took full advantage of them we would be able to have communities with homes of different types of construction and possessing an individuality that would result in their continuing to have a good resale value in the future. Remember that if we fail in this respect the person who will suffer is the actual home owner.

I shall only be about two minutes more, Mr. Chairman. I could finish now; otherwise we could call it six o'clock.

The Deputy Chairman: Has the hon. member unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Hamilton (York West): I say that in that respect we have not taken full advantage of the services of architects. Giving a prize for the development of some design is a very good thing, but we should make more use of architects. It might be that it would mean the addition of a couple of hundred dollars to the price of the individual house, but if in the long run there was a retention of that value in the house I would say that would be spending money wisely. It seems to me that what is required is that when one of these communities is planned the government should take the lead in seeing to it that we do not have the same type of construction apparent everywhere.

There is one further item, the position in which our municipalities find themselves as a result of the large-scale housing developments now taking place. I hope I will be forgiven for saying this, but it seems to me that no matter what subject comes up I can find evidence of stress in our municipalities in attempting to handle the problems created by the influx of people into the municipalities and the new buildings that are going up. I have suggested and am going to continue to suggest various means whereby we might do something for the municipalities. The other day I talked about the federal government assuming some obligation for education. It seems to me that right here is a real opportunity to do something about the problem of education costs.

There are a multiplicity of developments which are controlled almost solely by Central Mortgage and Housing Corporation. Immediately these developments take place the question of the capital cost of the construction of educational facilities arises. Here is an opportunity for the federal government not to guarantee something but to pay for something. It seems to me that if we could assume the capital cost of the construction of educational facilities in these new areas as they came along, it would be a great step forward. The vehicle is available and we should make use of it.

If I could sum up, sir, I think I would propose a five point program for us to carry out. First of all we should fix the rate of interest at 5 per cent. It is still going to be a good loan for these institutions, and it is going to help the people who really need help. Second, I would say we should make that down payment as low as possible but still retaining that sense of ownership that is required so that everybody is going to be proud to be a home owner. Third, I would say we have to make a wider basis for calculating the income of the family. As I said before, if the dual family income can purchase things that are not as important as houses, then let us see if we cannot make some changes there.

Fourth, we should have an aggressive land policy. We are going to have to go far afield to get land, and we are going to have to do it quickly or it is going to be too late. It is going to cost too much. We should, as soon as possible, set aside the land that is going to be needed for urban areas. Lastly, we should provide some real relief for the municipalities by taking those areas in which Central Mortgage and Housing Corporation is going to develop communities and seeing that land is set aside for school facilities. Let us see if we cannot assume the capital cost of construction of these schools.

Someone will say that is going to interfere with provincial rights. We can make grants, and the municipalities can retain control. In this way they could get these schools which they so badly need.

Thank you for allowing me to speak after six.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Nicholson: Mr. Chairman, I followed the debate with a good deal of interest this afternoon. I was very glad when the hon. member for Eglinton was able to take some time to describe the very interesting project which has been completed in Toronto. I think it is a great pity that more hon. members cannot boast of similar projects all across the country.

My interest in this subject goes back some years. I find that my first speech on housing was made back in 1942, but on June 21, 1943, I referred to the picture that was being presented to the world by such well-known people as President Roosevelt of the United States as he described the slums which had existed in his country for many years. He said, as I quoted him at page 3844 of *Hansard* of June 21, 1943:

> The program of clearing slums and providing decent homes for the ill-housed of our nation in the years before the war laid the foundation for the intensified housing effort necessary today. The job of clearing the slums, which your conference helped to begin, of necessity must be reduced substantially for the duration. With the scarcity of building materials we can now afford to build homes only in defence areas. But the goal of a slumless America must be preserved.

The hon. member for York West stressed the fact that most Canadians would like to have their own homes and gardens, and there is no quarrel with that; but the hon. member for Nanaimo pointed out correctly that the great majority of the Canadian people just are not going to have the good fortune to have their own homes or their own gardens unless the governments—and I say "governments" because municipal and provincial governments as well as the federal government must face this problem—take more interest in the problem of housing. Unless governments take more interest in the problem of housing a very large number of our citizens are condemned to spend most of a lifetime in dangerous housing quarters in the crowded attics of our cities.

I remember when Mr. Nash, who was then the minister of finance in New Zealand, visited Ottawa early in the war. He captured our imagination with two challenges. One was to the effect that everyone in New Zealand who joined the services would find himself when the war was over no worse off financially because he joined, and those who remained at home would find that they would be no better off financially because they remained at home. He also said then it was their goal to see that in New Zealand every family had a home and every citizen had a room which he could call his own, where he could close the door and say, "This is my room".

I am sorry we have not made greater progress in Canada in reaching that sort of set-up. I am sorry the Minister of Public Works is not more ambitious. I understand that he has no special desire to be the prime minister of this country. I think that is a great pity. If he had that sort of ambition I am sure he would be doing a much more imaginative job than he is doing, because I can think of no single thing that a minister of the crown could do than really tackle the problem of rural and urban housing in Canada, harness our great resources toward the clearing away of slums and the providing of the type of housing which we can expect from our lumber and other resources which are here in such generous supply.

The hon. member for York West was about to launch a very eloquent appeal, I thought he was going to say, on behalf of the neglected group in our economy. I was all ready to shed tears for the old age pensioners because I thought that was the group he had in mind, but he went on to discuss the white collar group, a group that probably does not need a great deal of sympathy in this particular set-up.

While I think we are all happy that a large volume of better houses is being built in Canada I think on the whole those who are taking advantage of the facilities the minister provides would have been able to provide better housing on their own. I know they would have had to pay higher interest charges; they would have had to make higher down payments, but they would have had better housing. They would have had less money available for television sets or new cars or some of the other very desirable things that people want and do have nowadays. By and large those who have been able to take advantage of the facilities we have do not require a great deal of sympathy, but the large sector of our people who are not earning or are not receiving enough to qualify for loans under the legislation do require our sympathy.

I am sure many hon. members have read "Fourteen days as an old age pensioner" by William MacEachern, reprinted from the Toronto *Daily Star*. I suggest that the Minister of Public Works, since he is a public-spirited citizen, might take a couple of weeks sometime and just see how easy it is to get desirable living quarters on the sort of money

that an old age pensioner has. This young chap took $20, half a month's pension, and then proceeded to find the sort of quarters he could obtain. In this paragraph he describes the place he finally settled on. It happened to be a $5 a week proposition. He said:

> The room was in an old, tired-looking bungalow in the Broadview-Queen district. It smelled like an old maid's trunk—the pungent, hygienic smell of mothballs, but it was a clean smell. The room was clean, too, although it looked cold and unlived-in. There were old lace curtains on the window and a frayed rug on the floor.
>
> I knew I couldn't do much better for $5, but I thought I'd better look around a bit before I took it. I told the owner—his name was Tommy and he was an old age pensioner, too ("I'm 72", he said, but he didn't look any more than 50)—that I thought my grandfather would like it and I would bring him down tomorrow and help him move in.

The young chap said he was negotiating on behalf of his grandfather. With respect to the $6 a week room he had this to say:

> The $6 place was on Parliament street, above a jam factory. A sickening, clammy smell of warm jam hung in the air. I followed the owner up a stairway into a darkened hallway. He gave a light switch a few fast clicks. "Guess it doesn't work", he said. "We'll have to get that fixed". (The same routine was repeated a dozen times before the day was over).
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> The room was dark and dingy; one lonely bulb hung from the ceiling and the only window was so small you could look out of it only one eye at a time.
>
> The room looked big because it hadn't any furniture—just a table and an ashtray. "We'll put a bed in here for him," the man said. "We can dig one out of the pile in there". He pointed to a store room across the hall where broken chairs, ruptured mattresses and other iron and wooden stuff was stacked in a wild heap.

Then he described the worst place he visited. He said:

> The worst place of all was on Dundas street. Here I had to pass through a pitch-black hallway, through a room piled high with boxes, pots and pans, old stoves, broken-down iceboxes, through another hallway and down a ladder. We weaved around several water tanks and furnaces, ducked under a network of dripping pipes, and into a low-ceilinged, windowless dungeon. The "room" was cold and damp and there was sweat on the concrete walls.
>
> There was no radiator, just a battered-up electric affair. The bed was mussed and the sheets looked mouldy.
>
> The owner said he wanted $7, and I shuddered. I wouldn't live there if he paid me $5. What would I do if a fire broke out?

Then he described some of the places that were available in Toronto, the only possible living quarters that anyone whose limit was $40 a month could expect to find. I am sure no one in this chamber is very proud of the fact that a large sector of the Canadian people are sentenced to live most of their lives in the sort of quarters described so vividly in "Fourteen days as an old age pensioner".

[Mr. Nicholson.]

In the same city, in "Toronto the good", you read a very different story. In *Maclean's* magazine Toronto is described as the world's fastest growing city. I am referring to this, Mr. Chairman, because I think the government has waited far too long in taking the sort of action that must be taken in connection with land assembly questions to prevent the kind of thing that is happening.

The story in *Maclean's* of March 17, 1956, entiled "The fastest growing city in the world" tells about a woman named Sarah Palk who had some land that had been in the family for about 70 years. It had been bought for a few cents an acre a good many years ago. It was sold at what seemed to be a very high price, $145,000. The buyer then added another $50,000 to the price and sold it for $195,000. The next buyer was not satisfied with peanuts and he turned it over for $355,000.

In view of that type of speculation in connection with property and housing it is small wonder that many people find themselves obliged to pay fantastic prices for property. The piece of property I have just referred to increased in price from $145,000 to $355,000 within a short space of time.

This article also tells about one of the shrewdest real estate people in Toronto who a short time ago offered for sale a piece of property for $70,000. After his death it was sold for $250,000. I do not think anyone can argue that this type of turnover or profit has been achieved as a result of the sweat and tears of any individual. Many of these larger centres have attracted speculators who have added fantastic, fictitious and exorbitant prices to the real value of property.

I have knowledge of a deal involving friends of mine in the Hamilton area which took place just before Easter. This involves a new house that had been built on property which had been farm land three years ago. I do not know what price the farmer received for the land, but my friends paid $3,500 for quite a small lot, scarcely large enough for a vegetable and flower garden. They paid $3,500 for a small piece of farm land on which their house was built, which means an enormous capital gain on the part of some speculator.

When I spoke about housing during the war years I was able to refer to the fact that in countries like Holland, Sweden and Denmark they took the necessary precautions 100 years ago to ensure that speculation did not enter into and increase the cost of housing. I think it is a great pity that the minister has not used more imagination and given greater leadership in an effort to halt developments such as those described in

Maclean's of March 17. I think it is correct to say that these conditions apply to every major city in Canada.

At the time I visited my friends in Hamilton I also visited some farm friends in Ontario who are feeling the impact of this type of development. A gentleman who sold a farm for $150,000 for a subdivision along the Queen Elizabeth highway moved back from that area and offered a young couple $65,000 for a farm which they had bought just a few years ago for approximately $20,000. It is very disturbing for young people who are trying to earn an honest living producing food for the nation to have these speculative offers made to them. Someone who knew something about the increase in land value in the Toronto area and who was interested in making some money in a few years would be able to anticipate that the farm which sold for $65,000 today might well be worth two or three hundred thousand dollars a few years later.

I submit that this is having a very disturbing effect on our economy. Within a few miles of nearly every rapidly growing city in Canada a fantastic increase is taking place in the valuation of land. This in turn is passed on to the house builders, and presents a real hardship to them as they try to meet the increased cost of insurance and of servicing property out of their limited earnings.

The minister told us something about the achievements which have been made in the field of new housing. I am very glad that an increasing number of Canadian people are able to look forward to having new houses. This will result in their vacating houses which will be made available to other people with lower incomes.

Over the supper hour I again looked at the figures for the distribution of non-farm income in Canada. I find that the median income—which means that half the people get less than this figure and half the people get more—by provinces is as follows: Atlantic provinces, $2,089; Quebec, $2,730; Ontario, $3,109; prairie provinces, $2,395 and British Columbia, $2,759. In view of the incomes I have quoted the minister will realize that well over half the people in Canada can never hope to take advantage of the housing facilities that are available.

I think one would not need much of an imagination to agree with the hon. member for Eglinton when he was discussing the costs involved in the new housing project in Toronto, particularly when you take into consideration the costs in that area for juvenile delinquency, tuberculosis and fire hazards. I feel sure that anyone who is in Toronto 50 years from now will be able to demonstrate quite clearly that the people of our day made a sound investment in clearing away slums and providing desirable quarters for an increased number of people who are now living in the Regent Park area.

Just yesterday I visited Iroquois and saw what has been done there in the way of building a new community. There is nothing especially spectacular there, but they are allowing more ground for construction. I noticed that every house in the new town of Iroquois is going to have a chimney from the basement to above roof level. I am sure this one innovation in building practices in that community will result in an almost total elimination of fires in the Iroquois area.

When you take into consideration the loss of life in Ottawa through fires, it seems a great pity that the minister along with the civic and provincial authorities cannot proceed with the establishing of slum clearing projects in the capital city so that when people come here, as they do, from all over the world the minister will be able to demonstrate to them what has been accomplished as the result of co-operation among the three levels of government.

In terms of providing a stimulus to business I think it will be readily agreed that housing in Canada is a field wherein we can provide employment. Here is a way in which employment can be provided for the lumbering industry and the plumbing and building supplies people. Only 56 per cent of rural homes have electricity; 75 per cent of rural non-farm homes have electricity, while 99 per cent of urban homes have this convenience. When it comes to running water, only 32 per cent of farm homes and 46 of non-farm homes have this convenience. Then when we come to the question of installed bath or shower, telephone, mechanical refrigeration and so on, the statistics as to the use of these necessary conveniences, at least in the opinion of most Canadians, would suggest that here is a field where the minister could provide assured employment for a large number of Canadians for many years to come.

It will hardly be during the time of the minister as a minister of the crown that the housing problems of Canada will be solved and the goal which President Roosevelt mentioned back in 1943 realized. A slumless America is not likely to be realized during the minister's time unless we make a great deal more progress in the next ten years than we have in the last ten years.

Mr. Simmons: Mr. Chairman, my remarks in support of this resolution will be brief and will be confined to the National Housing Act in so far as it applies to the Yukon Territory. The rising number of applications for

loans clearly demonstrates the effectiveness and success of the legislation as it applies to the more populated areas of Canada. In the Yukon and other places in northern Canada it is a different story, but one which can and should be remedied at once.

The government has indicated its intention to encourage and co-operate in various ways in the development of the Yukon Territory, and has specifically indicated its intention to develop the Yukon Territory by the encouragement of home building and home ownership in the new subdivision planned for the east side of the Yukon river adjacent to the city of Whitehorse. The cost of building dwellings in the Yukon exceeds the cost of building similar or like dwellings in any other portion of Canada save the Northwest Territories.

Recently I discussed this problem with an official of Central Mortgage and Housing Corporation, with regard to the application of the National Housing Act to the Yukon, particularly in view of the prevailing construction costs, and urged that an adjustment in the appraisal be made to recognize the cost of construction in that area and to be in line with representations of the Whitehorse board of trade and other interested organizations and individuals.

I find that during the fall of 1955 cost surveys were conducted throughout Canada by Central Mortgage and Housing Corporation, and from the results of this survey new appraisal rates were computed. I understand that those new appraisal rates were put into effect just prior to the end of 1955. My understanding is that the basic appraisal rate which is now in use for the city of Whitehorse will in the majority of cases result in loans to applicants equal to the maximum loans allowable under the legislation.

As you know, the National Housing Act limits the allowable maximum loan on any dwelling in relation to the square footage of the unit, with an over-all allowable maximum of $12,800. For instance, a 1,000 square foot frame bungalow built according to standard specifications in Whitehorse would qualify under the legislation for a maximum loan of $10,250, plus the insurance fee of 2 per cent. The appraisal of the unit may provide for a larger loan, but the amount allowable would be limited to $10,250.

The act requires that the gross debt service ratio in respect to the home owner or home purchaser should not exceed 23 per cent of the gross income of the home owner or purchaser. In some circumstances the approved lender may with the concurrence of the corporation approve a borrower where this ratio is exceeded. Therefore the income of the borrower has a direct bearing on the amount of loan possible.

I want to point out that living costs in the Yukon range from 30 to 50 per cent higher than outside, and by that I mean the more populated areas in the provinces, while building costs are from 40 per cent to 50 per cent higher. Only a modest home can be built in Canada for $10,000 and by the same token $15,000 is required to construct a comparatively modest home in Whitehorse. Add to this the cost of a lot at say $1,500 and you are left with a $16,500 expenditure. I can assure you that this will not provide lavish accommodation.

The obvious remedy should not be too difficult, and that is to have the valuation on which the loan will be calculated based on Whitehorse prices. This would automatically give a maximum loan of $12,800 to anyone building, let us say, a $15,000 home. I believe I can best illustrate this point by quoting an editorial which appeared in the Whitehorse *Star*, which reads:

> Peering from the deep shadows of tar paper shacks and old log cabins—and from well-built homes too—is a large population of would-be housebuilders. Many have a thousand dollars or so socked away in the bank, careful dollar piled on careful dollar, which they hope will serve some day as down payment on a clean, bright and cheerful home for themselves and for their families. But, alas for these northern citizens, most of them may be denied the early benefits of government assisted construction under N.H.A. terms. Reason for roadblock in the path of their wishes is the application of figures based on outside construction costs to Yukon N.H.A. loans. Using these standards, houses rise like fireweed outside, fertilized by the reasonable down payments of ordinary citizens but, in the Yukon, where builders quote costs as much as 40 per cent higher than outside, ciitzens in similar circumstances to their outside cousins cannot raise the necessary cash for the initial payment—or will be able to do so only after years of saving.
>
> Here's how it works: the lending value for a house and lot (in other words the amount of money at which N.H.A. assesses lot and building planned by the would-be borrower) say the authorities, "Will be a reasonable cost of building the house plus a reasonable cost for the land."
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> Unfortunately this "reasonable" cost means reasonable outside cost. Maximum loan value is calculated at 90 per cent of the first $8,000 of the lending value and 70 per cent of the balance in the case of a single house. Maximum loan for a single house is $12,800.
>
> For instance, on a lending value of $10,000 a down payment of $1,400 would be required. For a $12,000 house, $2,000 would be required. But loans are also controlled on a square foot basis. Under this arrangement, the maximum loan available for a house containing floor space of 750 square feet is $8,000 and for each square foot in excess of 750 the loan may be increased by $9 a square foot up to $12,800.
>
> This is where the trouble lies for the Yukoner. Take as an example the 750-square-foot, by no means lavish house that might be built outside for $8,000. Cost of this in Whitehorse, figured at

40 per cent higher than outside, would be $11,200. However, under N.H.A., there is no provision for this increased cost. The Yukon man-of-the-house must pay the difference himself. On this $8,000 house, as approved by present N.H.A. standards, he will be required to put up a down payment of $800. In addition he will be required to pay the difference between $8,000 and $11,200 which is $3,200, making a total of $4,000 from the family bank account before work can be started on the house. Hard times indeed.

What is being sought under leadership of the board of trade is not an increase in maximum loan available ($12,800) but an increase, for the Yukon, in assessment of lending values. A house is going to cost more here than outside so why not adjust lending values to suit Yukon costs. That is, permit the would-be homeowner to borrow up to the real cost of the house he plans to build here, not force him to borrow on the basis of building a similar home outside.

We hear frequently from government sources the word that "Canada's eyes are on the north." If this is so then there is no reason why there should be a lowering of N.H.A. eyes when it comes to Yukon home-building. Homes are the foundation upon which orderly northern development must be built from here on in.

It has been found that inspectors from Alberta are prone to evaluate dwellings constructed in the Yukon in accordance with the price structure and cost of building in the province of Alberta, which price structure and cost of building is approximately 40 to 50 per cent lower than the price structure and cost of building in the Yukon.

Last month a senior head office official of the corporation and the regional supervisor from the west coast visited Whitehorse. At that time meetings were held with representatives of the city and other interested organizations to explain the operations of the National Housing Act. No doubt the corporation now realizes the problem with which the people of the Yukon are faced, and it is to be hoped that their recommendations for amendments to the act or regulations will be in line with existing conditions; otherwise the building of dwellings will be seriously curtailed if not rendered entirely impossible.

I am sure all hon. members heartily agree that Yukoners should not be penalized to this extent when a few minor amendments to the act or regulations could easily rectify the existing situation. I am sure the minister is sympathetic to the cause and will find some solution to the problem.

Mr. Hamilton (Notre Dame de Grace): I think all levels of society in Canada, and most of the people of Canada, are prepared to admit that the need of individuals to own their own homes is very basic in our society. To the extent that it is met, to the extent that we can make home ownership available to more and more people, we establish a stable base to our society and, to some extent at least, a shelter from whatever adverse conditions the community may encounter.

When we think in terms of home ownership, we think almost always in terms of the little plot of ground and the single house unit, and that is a very necessary concept. But those of us in the larger cities, and perhaps particularly in the city of Montreal and the province of Quebec, are very conscious too of the need not for individual unit housing development, but for the construction of apartment units and consolidated units which contain accommodation for many families.

We are particularly conscious—and this will be the tenor of my short remarks tonight —of the need for rehabilitation of our run-down areas. I often wonder whether people generally have any idea of the living conditions in a genuine slum area, the sort of area where, whether you go into it by day or by night, as one city councillor in Montreal phrased it last week, you see two-legged rats and four-legged rats. The four-legged ones, of course, are those that are familiar to us all. The two-legged ones would perhaps have been decent, honest and helpful human beings had it not been for the warping of their characters, the crimes they have committed and the back alleys down which they have been led as a result of the circumstances under which they live.

One could go on and outline the conditions in slum areas, but it is hardly necessary. However, we should remember that one of the main reasons for the development of these slum areas has been the natural desire of a large section of our population to live close to their places of work. That is particularly so in the large cities, where transportation difficulties are quite a problem, where it is becoming, indeed, quite a costly business just to get from your home to your place of work if you have to go by a mass transport system of any kind whatsoever.

These people do not want to be moved from the area in which they are located. It is true that they would like to have better housing, but apparently they are prepared to stay there even at the very great inconvenience of the type of accommodation with which they have to put up. In Montreal, for example, just recently there was a survey in one of the most run-down slum areas of the city. To the amazement of everybody who was there—because one tends to think of everybody as wanting to move out of the centre of the city and into little houses on the outside—83·7 per cent of the people in that area wanted to be relocated there, in terms of a new housing development, a new slum clearance project that was then under consideration. Eighty-four per cent, practically the entire bulk of the population, wanted to stay right there where they were

close to their work, where they were close to the centre of the city, where the facilities they knew so well, their churches, their stores, their schools and so on could all continue to be available to them.

That, to my mind, puts a tremendous emphasis upon one aspect of this legislation which is to come before us, and that is that it should fully provide for slum clearance and the redevelopment of slum areas in the major cities of this country. I know there has been considerable activity in that connection under the existing act, and I think it has been welcomed by all of us. It is well to remember, however, that in the case of this particular project in Montreal, which seems to be coming to fruition quite rapidly, the cost of acquiring the land itself is going to be between $4 million and $5 million for this one single project, and there are 13 of these projects all equally necessary in that one city. Montreal, of course, is the oldest city in the country.

An hon. Member: What?

Mr. Hamilton (Notre Dame de Grace): It is the oldest major city in the country. I shall correct myself in deference to the gentlemen who come from cities of great antiquity but perhaps not quite so large. Montreal is the largest city in Canada which is also of great age. It has a vested interest, almost, in slum clearance. I think that is why so many of us will follow the development of this bill, in order to see that it does contain provision to meet some of the problems that face our municipality.

I return to this question of slums and slum clearance. Slums are not just run-down housing areas. It is unfortunate that so many people think of them in that connection, and feel that money spent on slum clearance and on the redevelopment of a housing area, on building good houses in what is now a slum, is not spent too profitably. That is the attitude of a great many people. They forget that the slum is a tremendous financial drain on the entire community. I was interested last year to read a lengthy editorial in the Montreal *Gazette* of March 14, 1955, from which I will select only one paragraph pointing up this particular fact. Speaking of this slum area in Montreal which is to be redeveloped it had this to say:

> The cost to the city of such an area—and the more alarming cost in terms of human suffering—is immense. Juvenile delinquency in the area is nine times higher than in the city as a whole. Crime among adults and complaints of all kinds are also strikingly higher. And the cost in human lives may be looked at in another way. The streets in this area are so narrow for the traffic that moves through them that the accident rate is three times higher than for the city as a whole.

[Mr. Hamilton (Notre Dame de Grace).]

Here is a representative slum area. Juvenile delinquency is nine times higher than the average for the city. Traffic accidents are three times higher. From there you can go on to add other things such as the disorganization of a family when it is forced to go into one or two rooms as housing for the father, mother and three or four children. It is a breeding ground of prostitution, gambling and all sorts of crime.

One rather striking illustration is found in another comment on this situation made by the Montreal board of trade. It refers to the slum area as "the training ground of the first offender" and goes on to say:

> The costs to the community of bad housing and the slum are tangible and measurable. The effects, in ill health, discouragement, neurosis, and stunted mental and physical growth, cannot be aggregated in any statistical sense. But beyond this, the slum is a direct financial burden upon the city. On the one hand, expenditures on public health and hospitals, social agencies, police services, reformatories, jails, fire prevention, and mental institutions, are greatest for the population of bad housing areas; on the other, the share of tax revenues which such areas contribute to the city is disproportionately small. It costs governments, and society generally, more to maintain slum areas than any other parts of the city.

Then they go on to refer to a report made by the metropolitan housing authority of Cleveland before 1935, and it is interesting that with respect to the statistics compiled in Cleveland they say:

> The operating loss sustained by the city, county and welfare agencies concerned, for an area 20 blocks by three blocks in size, and housing 22,236 persons, was $2 million, even without allowing for taxes unpaid during the year. For the city alone, the taxable value of the area was $10·12 per capita as compared with a cost liability of $51·10 per capita.

In other words, we see that the slum area is one of the most costly burdens on any municipal administration today. I think we in Montreal have good reason at the present time to appreciate some of what has been accomplished by the operation of this particular legislation. After a great deal of backing, twisting and turning a preliminary report was prepared by a committee under the chairmanship of Paul Dozois of our executive committee and sparked by a very remarkable woman, Mrs. R. G. Gilbride. We then had another look at the matter. We re-examined it with the help of Central Mortgage and Housing Corporation, and I think a great deal of credit is due to their representative in Montreal, Mr. F. F. Field.

We then had another municipal committee on the matter headed by the city councillor Mr. John Sullivan, and just last week city council decided to authorize going ahead with this particular project. But that is only one of 13 that are vitally necessary in the

city of Montreal, and I know that not only those of us in the house but the citizens of Montreal are waiting for the details of the bill. The resolution is rather broad and vague in its generalities, as is perhaps necessary, and we will be waiting for the details of the bill in order to make quite sure that it is going to enable the municipalities of this country to carry out their slum clearance projects and the development of decent housing conditions so badly needed at the present time for the majority of our citizens in these run-down areas.

I ran across a quotation this afternoon that I think is particularly pertinent to the history of this type of legislation in the house. I hope that perhaps it will spur the minister on to greater effort. It is a quotation from a speech made by a rather famous Canadian, Edward Blake, at Aurora in 1874. At that time he said:

> It is the function of ministers—we know it and I do not quarrel with it—to say nothing that can be caught hold of, nothing in advance of the popular opinion of the day, to watch the current of that opinion, and when it has gathered strength, to crystallize it into acts of parliament.

As far as I have been able to see, Mr. Chairman, even though the steps taken to date have been in the right direction the housing legislation of the government has been at least one step behind and very often more than one step behind what was necessary for the development of our country and the provision of the housing facilities that we badly needed. It has been a case of crystallizing something into an act of parliament after the need had become so evident that it could not be avoided.

I would simply express my final hope that when the bill comes down it will be a forward-looking piece of legislation that will cover not only our immediate requirements but will make some provision for our needs for a good many years to come.

Mr. Goode: Mr. Chairman, I will take but a very short time. It is very seldom I have a complaint to offer to the minister but this time I do have one. Coming as I do from the most beautiful part of British Columbia—

Mr. Sinclair: Since when?

Mr. Goode: —where everybody wants to live, may I say that I think this complaint is well founded. To understand the situation we must understand that the city of Vancouver has reached the ultimate under its own resources as far as housing is concerned, and so has the city of New Westminster to the east of my riding. Therefore my people have the only land available for housing in the lower mainland of British Columbia.

Mr. Sinclair: Did you ever hear of the north shore?

Mr. Goode: Never heard of it. During my time in the house Burnaby has grown from a population of something like 20,000 to around 85,000, and Richmond from a population of some 12,000 to something around 25,000. In both municipalities there is little in the way of sewage disposal systems except septic tanks.

As the minister knows, there are many hundreds of applications for new homes to be built under N.H.A. Burnaby is not suffering too much, but the municipality of Richmond is. As the minister knows, until the last four or five years that municipality consisted mainly of beautiful farms of many hundreds of acres each. Today this farm land is gone. It has been subdivided into lots for sale to people who want to build homes. These lots are not too high priced. As the hon. member for Mackenzie said today, the contractors are not trying to get big profits. They want to assist the municipalities in building homes for the people of Vancouver who want to come and live there.

Central Mortgage and Housing Corporation is not co-operating to any great extent. In the municipality of Richmond there are three large subdivisions being developed, and those subdivisions are looking after their own sewage disposal systems. There is full co-operation between the contractor and Central Mortgage and Housing Corporation. The point I want to bring to the minister's attention is the fact that the contractor who wishes to build 10 or 25 homes, who owns the land and sells it to people who want to build homes, is in a very different position. Central Mortgage and Housing Corporation is stopping him from building homes. Mr. Pickersgill, who is the director in Vancouver, is a very fine gentleman and co-operates to the full. He must work under instructions from Ottawa, however. I know of no civil servant who will co-operate with the municipalities as well as Mr. Pickersgill does. I have no complaint against him. But I have a complaint against someone somewhere along the line, because the people in these subdivisions have been told they must construct their own sewage disposal systems. The minister is putting the man who is building 21 homes in the same category as these people who are developing large subdivisions, and that cannot be done. These people who want to come to Richmond to live bought their lots on the understanding that they were going to be allowed to build, but now your department will not allow them to build their homes.

It is true that there are too many septic tanks in Burnaby. I admit that; and there

are too many in Richmond. However, you cannot stop housing in my riding. I ask the minister, when he rises to speak on this resolution, to tell me and the people of my riding that they can go ahead and build the homes they want to build.

Mr. Bryson: The few remarks I have to make will deal with loans from Central Mortgage and Housing Corporation for housing for the senior citizens of this country. I hope after listening to the very sad stories that were told by the hon. member for Mackenzie, the minister will be so conditioned now that he will listen to what I have to say. I think it goes without saying that there is a tremendous need in this country for housing projects to take care of our senior citizens. While these projects fall mainly into three categories, it is with only two of these categories I wish to deal this evening, and one in particular.

Apparently the government, through Central Mortgage and Housing Corporation, is not prepared to make loans on institutional types of buildings for our senior citizens. I am not too well disposed toward that type of building myself. I do not think it adds much to the welfare of our senior citizens in their later days. I believe the best projects which are being sponsored by Central Mortgage and Housing through these loans are the self-contained units and the hostels in connection therewith. These projects are very commendable. Certainly, the terms and conditions under which these loans are granted are very generous.

At the same time, it seems to me there are places where this institutional type of building might be a necessity. In those cases it is difficult for me to understand why the government will not make loans to limited dividend companies who want to construct buildings of that type. After all the provincial government concerned must underwrite the mortgage, and in addition the senior citizens who occupy these buildings pay rent for the space they occupy. It is rather difficult, therefore, for me to understand why the government is so averse to making these loans through Central Mortgage and Housing on these institutional type buildings.

As I said a moment ago, the government is prepared to lend money for the erection of self-contained units where such projects are sponsored by municipalities which set up limited dividend companies for that purpose. These self-contained units are for aged married couples within the community. I think it is a wonderful idea, for it enables a couple in advanced years to move into such quarters in the community in which they have spent the greater part of their lives.

At the same time it is rather difficult for me to understand why the government is not prepared to advance money on the hostel type of building for single aged men and women. Certainly I can understand that it would involve a considerably greater sum of money. However, as I said the provincial government concerned underwrites that obligation to Central Mortgage and Housing. I cannot see why there should be discrimination against the aged single people of this country. I should like the minister, when he speaks on this resolution, to make some comment on that aspect of the matter.

I said there was a great need for housing of this type. While I have not the statistics for all the provinces I do have a few statistics with regard to the position in Saskatchewan. I imagine the statistics for other provinces are quite comparable. In Saskatchewan the percentage of persons 65 years and over, in relation to the total population of the province, is 9 per cent or approximately 74,000. Of those 74,000 there are 24,243 in receipt of welfare assistance, and there are a few 70 and older who are getting the old age security supplementary allowance. In other words, 34 per cent of Saskatchewan's citizens of 65 years or older are in receipt of welfare assistance. Of the 24,000 some odd in receipt of extra assistance than is normally provided under old age assistance, 40 per cent are single persons. It is rather difficult, therefore, for me to understand why the government has not seen fit to make loans for buildings to house this particular category of aged citizens.

As I said a moment ago, the terms and conditions for loans on self-contained units are adequate. As a matter of fact I think they are very generous. In my own province this is the situation. The government will provide 20 per cent of the cost as an outright grant to any organization that wants to set up a limited dividend company to undertake such a project. Then Central Mortgage and Housing will make a loan for 80 per cent of the remainder. I think that is correct.

Mr. Winters: Ninety per cent.

Mr. Bryson: Ninety per cent of the remainder at 3¾ per cent interest for a period of 40 years. Certainly nobody can question the generosity of those terms. One would think that at once there would be a great deal of interest in such a proposition when there is such a need for housing projects of this nature throughout the country. Yet what do we find? We find that, in spite of those very generous conditions, organizations and communities are not taking advantage of them as I am sure the minister and all of

us would like to see them do. As a matter of fact, in Saskatchewan in 1954 there were only 14 such projects undertaken, and some of those were undertaken without benefit of the Central Mortgage and Housing Corporation loan for a very specific reason. After all, it is not too logical or feasible to build a self-contained housing project in which you are going to place aged married couples in the community if you are not going to make adequate provision for the remaining consort when death separates a couple.

The government is prepared to authorize the building of hostel type buildings in conjunction with those self-contained units, but the regulations are quite limited, and it is because of those limitations that organizations and communities have not been too anxious to take advantage of the loans that are made through Central Mortgage and Housing Corporation. Yet in the province of Saskatchewan during the last year or two, because of some misunderstanding, because of some misinterpretation of the act, and quite honestly I think, the government was prepared to permit them to go ahead on the understanding that the province originally had of this section of the act, namely that as far as the hostel type of accommodation was concerned, it was widened, and the province of Saskatchewan is now authorized until the end of June this year to allow for greater accommodation in the hostel type of building in conjunction with self-contained units.

Because of that, in the province of Saskatchewan some 30 of those projects are well under way as against 14 in 1954. I am sure that if these same conditions applied in other provinces of this country there would be a great deal more interest in this type of housing for our senior citizens. Therefore I would ask the minister to give the greatest possible consideration to allowing communities to build hostel type accommodation in connection with these other self-contained units, so that half the so-called hostel type accommodation would be occupied by two single persons and the remainder, which under the act must now be left vacant in the event of the death of one of the aged couples in the self-contained unit, be used in this way. Let the community place single aged persons in the remaining space on the understanding that they would vacate that space when one of the remaining consorts from the self-contained units had to be looked after.

In the province of Saskatchewan we have a great deal of interest because of the existing conditions as they apply in that province. I would suggest that they should apply in every other part of Canada, and I would ask the minister to give the most serious consideration to incorporating those changes into the act as soon as possible.

The Chairman: Shall the resolution carry?

Mr. Winters: Mr. Chairman, there are perhaps one or two comments I should make before the resolution does carry. At the outset I would like to thank hon. members, particularly the hon. member for Eglinton and the hon. member for York West, for their kind remarks about Mr. Mansur, who did a magnificent job in setting up Central Mortgage and Housing Corporation and running it for the better part of nine years, and by so doing rendering a great public service. At the same time I wish to pay my compliments to his successor, Mr. Bates, who in the 18 months or so that he has been president of Central Mortgage and Housing Corporation has already shown that ability which made him so effective as a deputy minister of fisheries. I am quite confident that as time develops he too will make a greater contribution to the public service of Canada.

I also wish to thank hon. members for the constructive nature of the debate today on housing. I am quite sure it reflects to the country at large that all hon. members are interested in and acutely conscious of this very important problem.

The hon. member for Eglinton, as usual, expressed some very good points. He asked the question as to whether or not the action taken by the government recently in increasing the interest rate by one-quarter of one per cent means that the government is trying to discourage housing by taking the same steps that we were obliged to take at the time of the Korean conflict. The answer to that is no. This move cannot in any way be construed as such, and certainly that was the furthest thought from our minds at that time. The interest rate that must be set is the one that will attract sufficient mortgage money to the market to enable us to achieve a good level of housing.

As the hon. member knows, this year is likely to be the greatest year in Canada's history in terms of capital expenditures and demands for money. There were indications that the supply of mortgage money from the banks and lending institutions was slowing down. It was thought it might dry up; and it became necessary, in the light of rising interest rates, to increase our interest rate to 5½ per cent, which is what it was established at in the first instance in 1954.

It has always been the practice of the government to try to achieve the lowest interest rate possible in the interests of the borrower and still attract enough money to

the market to achieve a high level of housing. I think the hon. member for Eglinton will recall that when we set the interest rate in the first instance it was a period when rates were declining. We waited in order to obtain the lowest possible rate, and I think perhaps he was surprised that we were able to establish a rate of 5½ per cent at a time when many people thought it would be somewhat higher.

Then he mentioned Regent Park North and compared it with the development of Regent Park South, and used it to criticize what he said was a growing trend toward bureaucracy in the operations of Central Mortgage and Housing Corporation. Regent Park North was the first and the largest slum clearance project undertaken in Canada. It was undertaken in the heart of Toronto, in a place that lent itself admirably to a slum clearance project. That was before the federal-provincial approach was developed. The result was that the municipality, with the help of the provincial government, built the housing on land acquired and cleared jointly by the municipality and the federal government. The federal government advanced a total of about $1,300,000, which represented half the cost of acquiring and clearing the land. The provincial government at that time put about $1,000 into each unit for a total of 1,289 units, and their contribution was therefore just about the same as the federal government's contribution. There was close co-operation between the housing authority and Central Mortgage and Housing Corporation at that time in setting up the scales of rentals and their relationship to income. I am sure the hon. member is aware of the close co-operation that did prevail with Central Mortgage and Housing Corporation at that time.

The hon. member then used that as something of a standard to compare adversely the development of Regent Park South in which Central Mortgage and Housing Corporation is more directly involved through the medium of section 36 of the National Housing Act. There again Central Mortgage and Housing Corporation will pay half the cost of acquiring and clearing the land. They will pay 75 per cent of the cost of completing the housing project of some 750 units on the cleared land, and will then pay 75 per cent of the net deficits or the subsidies involved.

That project has been developed under the guidance of a committee composed of representatives of Central Mortgage and Housing Corporation, the provincial government and the municipality of metropolitan Toronto. On the committee has been Mr. Dearlove who is the man to whom my hon. friend referred this afternoon in such deservedly warm terms—

Mr. Fleming: But his recommendations have not been adopted in connection with the Regent Park South project.

Mr. Winters: Perhaps not in toto, but his advice and guidance were valued and I am sure that much of it was used.

Mr. Fleming: I am well aware that Mr. Dearlove was a member of the committee to which the minister has referred, but the views of Mr. Dearlove on the various matters I discussed this afternoon were not adopted by the committee, and I think it is unfortunate that more weight was not attached to his views in the light of his experience and success in the operation of the Regent Park North project.

Mr. Winters: I am sure, however, that consideration was given to them because he was a very valued member of the committee. That project is developing very well, and it is expected that Central Mortgage and Housing Corporation will be able to call for tenders for construction some time around the latter part of May.

The hon. member mentioned the heating plant as one evidence of lack of co-operation. He asserted that the heating plant for Regent Park North could be used for Regent Park South, but on the advice of the engineers who have analysed the capacity of the heating plant they decided against that and undertook instead to provide Regent Park South with its own heating plants. That was not a matter of lack of co-operation; it was a matter of an engineering decision.

I quite agree with the hon. member when he said that we should get the greatest amount of citizen participation in all these projects. In fact in all these developments we endeavour to encourage citizen interest and citizen participation. That is why from the outset we have insisted on local authorities for the administration of all federal-provincial projects. These local housing authorities are made up of public-spirited citizens who have the local feel and who are able to bring some local concepts to the authority.

In consultation with Metro we suggested that there should be a metropolitan housing authority which would be responsible for administering all public housing in the metropolitan area. After a great deal of consideration and thought as to the composition of the authority, one has been set up comprising citizens from all walks of life in Toronto under the chairmanship of Mr. Mansur. I think my hon. friend can have

confidence that it will approach the problem of public housing in Toronto in a responsible manner. Also, in setting up that housing authority we have endeavoured to interlock the operations of the metropolitan housing authority with those of the housing authority for Regent Park North, and there will be personnel common to both authorities.

Concerning Lawrence Heights, which is another project my hon. friend criticized, I must say to him quite frankly that I think there was some element of fault on both sides in that development. The sponsors of that project called for tenders before they applied for a loan, and after they did apply for a loan there was some delay in processing it so there was fault on both sides. The loan has now been approved, and I am quite confident—

Mr. Fleming: May I ask if the loan was approved on the basis of 90 per cent of the original tender or on the basis of 90 per cent of the eventual cost? The minister will recall that there was a difference. The first tender was the one approved by Central Mortgage and Housing Corporation for its 90 per cent contribution, but subsequently that tender had to be set aside and the eventual cost will be greater. Is Central Mortgage and Housing Corporation prepared to contribute 90 per cent of the higher cost?

Mr. Winters: On that particular point, Mr. Chairman, I do not have the answer now. It has been approved by Central Mortgage and Housing Corporation but I have not seen it recently. I shall look at that particular aspect of it. I would like to assure the hon. member that such differences as appear to exist at this time in the approach to these two different projects, Regent Park North and Regent Park South, will be ironed out as we go along.

The hon. member said that in the Central Mortgage and Housing Corporation there is developing a bureaucracy which has almost advanced to a state of autocracy. I can say to my hon. friend in the same spirit in which he said Central Mortgage and Housing Corporation has become more bureaucratic, that it is not becoming more bureaucratic. Every effort is being made, in fact, to obtain the views and opinions of people and to get as close as possible to the people whom Central Mortgage and Housing Corporation is trying to serve.

I think one evidence of that is the local housing authorities with local management. Another is the close relationship that obtains between Central Mortgage and Housing Corporation and the housebuilders' association of Canada. That relationship has been fostered through the establishment of liaison committees which operate on a district basis, and which also have access to the head office of Central Mortgage and Housing Corporation on the personal invitation of the president. There is the community planning association with which the closest co-operation obtains. There has been an advisory panel set up to advise on the training of planners. Central Mortgage and Housing Corporation endeavours to obtain the advice of the people it serves and to get as close as possible to them.

My hon. friend from Regina City who I must say gave a very good speech, again within the confines of socialist philosophy, dwelt, as I thought he would, on the need for houses for people of low incomes. I think that is a pretty valid position for him to take. I would say in reply that in 1955, for example, there were 132,000 new housing units completed in Canada including conversions, against family formations of something of the order of 80,000, which means there has been a gain on the backlog of over 50,000 units. When you couple that with the fact that there is nobody in Canada who is not housed in accommodation of some sort or other, it can be seen that the movement to the new houses has left a great many houses vacant which do come into the possession of the class of people the hon. member for Regina had in mind when he spoke.

In addition to that there is the expansion of the home improvement sections of the act which are contemplated by this resolution. They give people in this salary group an opportunity to improve their homes and thereby improve their accommodation.

Mr. Ellis: Would the minister then suggest that the government's policy is to allow this trickling-down process to take care of the housing needs of people in the low income groups?

Mr. Winters: I never did say that the government's policy was to provide a new house at once for every Canadian citizen. The Liberal government's policy is to provide adequate housing for everybody, and we are travelling just as rapidly as we can in that direction. I must remind my hon. friend of something he knows already, and that is that the act provides for subsidization. That is being applied, as the hon. member for Eglinton said today. There is an opportunity to make wider use of that provision but that is up to the municipalities and the provinces. The federal government stands ready to co-operate.

I think I have answered some of the questions raised by the hon. member for York West, who suggested a fixed rate of interest.

I think that would be rather impracticable in a fluctuating money market. We have to compete for mortgage money, and we must set the interest rate at a value which will attract sufficient mortgage funds to the market.

The hon. member put considerable stock in equity in a house, just as I do. I believe his thinking is much the same as mine, and that is reflected in the act. We try to keep the down payment as low as possible, having in mind on the other hand the need for equity in the house and bearing in mind also that the lowest possible down payment is not always the greatest service that can be rendered to a borrower, because it simply means that he is being saddled with higher carrying charges. That is one of the biggest obstacles that can be placed in the way of a greater level of house building for those who need houses. The problem of land assembly which he mentioned is a very real one, and we have been giving a lot of consideration to it.

The hon. member for Yukon cited the problem that obtains in that northern country. I am able to give him some encouragement by telling him that we are looking at it by way of studying the regulations to see to what extent they can and should be changed to meet the conditions he mentioned.

The hon. member for Burnaby-Richmond raised a problem which seems to be a little more acute in his particular constituency but which nevertheless prevails right across Canada; that is, the need to build housing on adequately serviced property. I know the particular problem which confronts him in the low lying areas of Sea island, Lulu island and other places in that constituency. We had the problem up about a year ago and with his help and co-operation were able to move forward by allocating available building approvals to builders in the area. I am sure that in the same spirit of co-operation between him and Central Mortgage and Housing Corporation and the builders we will be able to continue the high level of building there.

The hon. member for Humboldt-Melfort spoke about the use of the limited dividend section of the act in Saskatchewan. I must say that this is one province in which good use has been made of that section. The provincial government has asked that the provisions be broadened to provide for a certain amount of hostel accommodation, and that has been done. The only difference is in the matter of degree. The Saskatchewan government asked Central Mortgage and Housing Corporation to provide for one hostel unit for each self-contained unit in a limited dividend project. The matter was given a great deal of consideration and the board of Central Mortgage and Housing Corporation has now made a proposal which I consider reasonable. That is they will provide a maximum of one hostel unit for every two self-contained units in a limited dividend project.

I think there was some question in the minds of the Saskatchewan government about the cut-off date. We had set June 30, I think it was, but we informed the Saskatchewan government of that date last August so it seems to me they have had considerable opportunity to be appraised of the ruling laid down by the board of the corporation and adjust themselves to it.

That concludes my remarks. There are a number of points of details which I think could be taken up with advantage when the various clauses of the bill are being considered.

Mr. Fleming: Mr. Chairman, there are some brief remarks that I should like to make on points raised by the minister in his reply.

First of all I should like to say a word about the interest rate and the recent increase in it. I point out that the increase in the interest rate is directly attributable to the policy laid down by the central bank and imposed by it upon the chartered banks. This is not at all a case of the effective rate under the act automatically adjusting itself in the ordinary course of the play and interplay of economic forces, adjusting itself to supply and demand; this is purely and simply a case of an increase in the rate being brought about by the action of the Bank of Canada.

Therefore it seems to me that here we have a fundamental contradiction in government policies. The minister has declared the desire of the government to see the house construction rate maintained and if possible built up to a further record this year, but the fact remains that another branch of government, the central bank, then the chartered banks in turn and now the government itself in connection with the interest rate on these loans, have increased the rate. This is all the result of government action. I still say that there is here a contradiction in government policy.

In referring to the Regent Park North project and the Regent Park South project in Toronto the minister made no comment upon a circumstance which it seems to me is of considerable importance. In the Regent Park North project there was no requirement as to minimum income of tenants, but in connection with the proposed Regent Park South project Central Mortgage and Housing Corporation proposes that there shall be required a minimum income of $150 a month

for every tenant. As I tried to say this afternoon, that seems to run counter to any concept of the provision of housing accommodation to meet a need.

It seems as though the aim of Central Mortgage and Housing Corporation in establishing that minimum requirement is to prevent any financial loss. They are concerned about making the project pay its way. I had thought that a higher consideration here was the meeting of need of families whose need of housing accommodation of this kind is well established. How the government justifies the imposition of that minimum requirement in relation to income on those who hope to qualify as tenants in the Regent Park South project I have yet to learn.

Next the minister sought to establish by assertion that Central Mortgage and Housing Corporation has sought public participation and interest on the part of citizen groups. I can only say to him that whether or not that has been the avowed purpose of Central Mortgage and Housing Corporation officials, the fact is that they have created on the part of citizen organizations which played a leading part in bringing about and sustaining the success of the Regent Park North project the impression that their interest is neither sought nor wanted by Central Mortgage and Housing Corporation.

I think, in view of what the minister has said, it is not unreasonable to ask the officials of Central Mortgage and Housing Corporation to take more concerted measures to show their desire to have participation on the part of these interested civic organizations, because there cannot be any question at all about their intelligent interest in these projects, and it is altogether desirable that there should be understanding and co-operation between them and Central Mortgage and Housing Corporation.

I was surprised at the minister's remarks about the degree of consultation and co-operation that he says exists between the housebuilders and Central Mortgage and Housing Corporation. That remark did indeed surprise me, because I have in my hand a press clipping from the *Globe and Mail* of September 27, 1955, in which we find the following:

> Charges were levelled last night at a meeting of the 600-member Toronto metropolitan home builders' association that the Central Mortgage and Housing Corporation was:
>
> Adding $500 to $1,000 to the price of each new house by imposing and enforcing a growing list of regulations governing construction;
>
> Appointing inspectors to inspect inspectors, and alleging infractions of regulations where infractions did not exist;
>
> Handicapping contractors by arbitrarily and unfairly holding back advance payments on mortgage money;
>
> Attenpting to drive the small builder out of business.
>
> "They are making us put Cadillac trimmings on Ford products," said Louis Rice, chairman of the association's C.M.H.C. liaison committee.

Then we read further:

> Over the past year, C.M.H.C. rules and regulations have added $500 to $1,000 to the price of each house.

I am well aware that Central Mortgage and Housing Corporation officials, when these charges were made public, undertook to make a denial the following day. But when the minister says that there is close co-operation between the two, I think it is only correct that this information should be brought before the house, because it does not sound to me, in the face of those charges, even taking account of the denial that followed on the part of C.M.H.C. officials, as though there is any great degree of co-operation disclosed, at least in that press report.

Mr. Winters: Let me say a word on that. That clipping I believe, speaking from memory, arose out of the remarks of only a few delegates to that convention. I do not think a resolution ever came forward. It had to do with the inspection standards. There were some who felt the inspection standards of Central Mortgage and Housing Corporation were too rigid. The officials of Central Mortgage went to the meeting the next day and said they would be delighted to have discussions on all the points. I believe it was the general consensus of the meeting, even before the officials of Central Mortgage got there, that the position of Central Mortgage was one that should be defended rather than criticized.

Mr. Fleming: As I have said, I was well aware the Central Mortgage and Housing Corporation did not admit these charges were justified. Indeed, there was a denial of them. I simply come back to the minister's assertion of co-operation existing between housebuilders and Central Mortgage and Housing Corporation.

Mr. Winters: It does.

Mr. Fleming: Well, it must exist in other quarters within the body mentioned, namely the metropolitan home builders association, than those of its members whose comments were noted in that particular press report.

This is my final comment. The minister has not touched on the point that was raised earlier, that is, the fact that those who are able to qualify for mortgage loans under part I of the housing act are to an increasing degree those of substantially above-average incomes. It may be that as the act is at present constituted some of this is inevitable, but at any rate it seems to me the

point ought to have the attention of the government and is worthy of comment on the part of the minister.

Central Mortgage and Housing Corporation has not attempted to deny this. As a matter of fact one of its publications in this respect attracted some comment, for in it appeared an indication that the immediate effect of the amendments in 1954 to the National Housing Act was to:

—enable potential borrowers in the higher family income ranges to obtain more expensive houses for a smaller cash outlay.

Then I read further in the quotation the following:

The average gross family income which includes the total income of all dependents of a loan applicant in addition to his own income, was $5,477 under the new act in 1954 compared to $4,961 under the old act in 1953.

Under the new act, 53 per cent of these borrowers had gross family incomes of $5,000 or more, compared to 37·7 per cent in 1953.

Borrowers in the family income group of under $4,000 represented 15·5 per cent of the total under the new act compared to 25·4 per cent under the old act in 1953.

So the evidence is undeniable—indeed it is readily conceded by Central Mortgage and Housing Corporation—that in the past few years, whether it is the result of the new amendments or the result of other factors that would have made themselves felt whether there had been amendments in 1954 or not, the benefits under part I of the act have been moving more and more in the direction of higher income families, and the proportion of families in the income levels below $4,000 who are deriving benefit under part 1 of the act is constantly shrinking.

It seems to me that this is a fact that cannot be viewed without a degree of concern bordering on alarm. This is not to suggest that these benefits should be withdrawn from those in the group earning $5,000 and over, but I think it calls for some concerted examination of the fact that these benefits are not accruing, under the present provisions of the act and the administration, to those whose incomes are less than average.

The Chairman: Shall the resolution carry?

Mr. Fleming: May I ask the minister one question, Mr. Chairman? The regulations laid down under the act are having the effect of excluding permanent officials of the municipalities from service on the boards of limited dividend corporations set up by municipalities. Recently in the city of Toronto this had effects that I think are very regrettable, for last April—just a year ago today, to be exact—four welfare officers who were serving as directors of the Metropolitan Toronto Housing Company, which is a limited dividend housing corporation set up under the authority of the Metropolitan Toronto Housing Authority, were asked to resign from the board of directors of that corporation because of a ruling given by the Central Mortgage and Housing Corporation that, as public officials of the municipality, they were not entitled to sit on the board.

I am aware of the regulation in that respect, but it seems to me that there should be some re-examination of such a regulation. I find it difficult to see sound reason for excluding completely, from the board of one of these limited dividend housing corporations set up by a municipality, some of the permanent officials of the municipality. There may be some very competent men there who are capable of continuing on such a board from year to year. From my own experience I would say it is altogether desirable that there should be some of the elected representatives in the city council sitting on such a board. There should be some representation there for the sake of establishing liaison.

My own experience in that respect, when I sat for three years as the representative of the Toronto city council on the city planning board, convinced me that liaison of that kind is altogether desirable. But that does not touch the point I am raising now, namely the exclusion of the permanent municipal officials. Often there are some very competent officials who have a great deal of knowledge and experience, and I think that knowledge and experience can be put to very good use when these persons are permitted to serve on the boards of limited dividend housing corporations set up under municipal auspices.

Resolution reported and concurred in.

Mr. Winters thereupon moved for leave to introduce Bill No. 215, to amend the National Housing Act, 1954.

Motion agreed to and bill read the first time.

INCOME TAX

AGREEMENT BETWEEN CANADA AND DENMARK FOR THE AVOIDANCE OF DOUBLE TAXATION

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 8, to implement an agreement between Canada and the Kingdom of Denmark for the avoidance of double taxation with respect to income tax.

He said: Mr. Speaker, you will note that this is a bill to implement an agreement between Canada and the kingdom of Denmark for the avoidance of double taxation with respect to income tax. I draw that to your attention because of the fact that previous

agreements with other countries also included succession duties. Succession duties are not a part of this agreement.

The purpose of the bill is to give legal effect in Canada to the agreement which, as a result of negotiations and subsequent exchanges, has been reached between the government of Canada and the government of Denmark for the avoidance of double taxation and the establishment of rules for reciprocal fiscal assistance in the matter of income taxes, which agreement was signed at Ottawa on the 30th day of September, 1955. The provisions of the agreement are similar in their effect to those contained in the agreements which Canada has made with the United States, the United Kingdom, Sweden, New Zealand, France and Ireland. It is designed to avoid double taxation and also provides for the exchange of information.

By means of an exchange of reciprocal tax credits the country of residence gives credit for the tax imposed by the country in which the income has its source. As in the other agreements, taxation by a state of the trading profits of an enterprise of the other state is limited to those attributable to the permanent establishment of such enterprise in the first mentioned state. In addition, certain specific provisions are made regarding the profits from the operation of ships and aircraft, and the exemption from tax of exchange teachers and students.

I suggest the important part of the bill has to do with the schedule, and when we get into committee and come to the discussion of the schedule I shall be very happy to give such explanation as may be required in answer to any questions that may be asked.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, any bill that will contribute anything toward the avoidance of double taxation is bound to attract the sympathetic interest of those of us who sit in this part of the house. As this measure follows in form similar agreements with a number of other countries I shall not prolong my remarks on second reading.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Fleming: I wonder whether the minister would tell the committee why it was not possible to extend this agreement to include succession duties as well as income tax.

Mr. McCann: It was not requested by the state of Denmark.

Mr. Fleming: Was the Canadian government not prepared to seek an agreement to avoid double taxation with respect to succession duties?

Mr. McCann: Yes, we were, if it had been requested, but I do not know that succession duties are a part of Denmark's system of taxation.

Mr. Fleming: I do not know either, but it should be possible to find that out. The mere fact that the Danish government did not initiate a request for the inclusion of succession duties within the scope of such an agreement is, it seems to me, no reason why the Canadian government should not do so.

Mr. McCann: Well, I probably can give a little further explanation on that when we come to the different articles.

Mr. Fleming: I do not think it arises with respect to any particular article because the articles are, of course, confined to income tax.

The Chairman: Clause 2 refers to the schedule.

Mr. Fleming: It is not in the schedule, Mr. Chairman. This clause is the one on which the point should be answered.

The Chairman: I should think the question might more properly be answered under clause 2, which refers to the schedule.

Mr. Fleming: There is nothing in the schedule about succession duties, Mr. Chairman. That is my point.

Mr. McCann: My officials tell me that the Danish government did not ask for it and it was not suggested by the Canadian government. If they had asked for it, we were prepared to take the matter into consideration.

Mr. Fleming: I can only express regret that the Canadian government left the initiative in this matter entirely to the Danish government, and that the Canadian government did not itself put the proposal forward. If it is a good thing to enter into an agreement with Denmark to avoid double income tax surely it is an equally desirable thing to enter into an agreement with that government to avoid double taxation in respect of succession duties.

Clause agreed to.

On clause 2—*Agreement approved.*

Mr. Fleming: May I make a suggestion with respect to clause 2. I think we followed this practice in connection with the agreement with Ireland last year. Clause 2 would have the effect of giving approval to the agreement which is attached as the schedule. May I suggest that we might turn to the

schedule at this point before approval is given to clause 2. It would be rather illogical to approve clause 2, thus giving the schedule approval and the force of law, and then turn to the schedule after that. There are a few questions I should like to ask on the schedule.

The Chairman: Is it agreed by the committee?

Some hon. Members: Agreed.

On the schedule.

Mr. Fleming: There are several provisions of the agreement, Mr. Chairman, on which I should like a little further comment from the minister. These questions arise largely because of the departure from the form of the agreement with Ireland, which is our last precedent for an agreement of this kind.

The agreement with the Republic of Ireland was approved by chapter 10 of the statutes of 1955, and the articles to which I should like to refer now are those which indicate some departures though they may not be wide departures from the provisions of the most recent precedent. In most respects the present agreement with Denmark follows almost verbatim the language of the agreement with Ireland, but there are some few differences and they give rise to my questions.

For instance, in article III we have the expression used in the first paragraph, "the profits of a Danish enterprise", and in the second paragraph the expression, "the profits of a Canadian enterprise". If we refer to the corresponding section of the Irish agreement of last year, we find the expression there used in both cases, "the industrial or commercial profits of any Irish enterprise." Then also there is the provision that there should not be a tax unless certain conditions obtain.

Now, what is the reason for the change in language? Last fall in the Irish treaty we had the expression "industrial or commercial profits" and now in this agreement we have the unqualified word "profits".

Mr. McCann: Article III provides that a Danish enterprise will only be taxed in Canada with respect to industrial or commercial profits to the extent that those are attributable to its permanent establishment in Canada. The same rule applies reciprocally wih respect to the industrial and commercial profits of a Canadian enterprise in Denmark.

Mr. Fleming: Will the minister excuse me? The minister is using the expression "industrial or commercial profits" of a Canadian or Danish enterprise. The language of the article is simply "the profits" of a Danish or Canadian enterprise. Last year in the agreement with Ireland we had the expression, "industrial or commercial profits" of an Irish enterprise and the "industrial or commercial profits" of a Canadian enterprise. What is the reason for the change in the language now?

Mr. McCann: Although there is a change there, Mr. Chairman, I submit that it means exactly the same thing. Perhaps if I read the whole of the explanation it might bring it out. This article provides that a Danish enterprise will only be taxed in Canada with respect to industrial or commercial profits to the extent that these are attributable to its permanent establishment in Canada. The same rule applies reciprocally with respect to the industrial and commercial profits of a Canadian enterprise in Denmark. The fact that a company resident in one country has a subsidiary in the other country would not of itself subject the parent company to taxation in the other country on its industrial or commercial profits.

The mere purchase of goods by an enterprise of one country in the other country does not result in a profit subject to tax in the other country.

Mr. Fleming: What about the position of investment profits? I am still puzzled by the change of language here. While the minister says it means the same thing, I am not at all sure that the word "profits" means the same thing as "industrial or commercial profits".

Mr. McCann: They are both profits.

Mr. Fleming: Yes, they are both profits, but it is a question of the breadth. With the word "profits" there is obviously no limitation, but last year we had the expression used, "industrial or commercial profits". The minister seems to treat the two as synonymous, but I remain unconvinced.

Mr. Hamilton (York West): There is a question on article I, item 2. The wording is as follows:

> This agreement shall also apply to any other taxes of a substantially similar character—

I wonder if the minister might tell us if the legal officers have considered whether or not that section might be void because of uncertainty. It is dealing with a domestic statute which I think is quasi-criminal in nature, and I feel that any expression of that type might not be effective in our courts.

Mr. McCann: I think that arises from the different types of taxes in Denmark which are given different names. This article contains a specific reference to the respective taxes to which the agreement applies. In Canada it applies to income tax, including

surtax, and in Denmark to national income taxes, intercommunal income tax and communal income tax. The intercommunal income tax is a tax imposed by the state. Although the communal tax is imposed by the municipalities of Denmark, nevertheless the rules regulating such local taxation on income are settled by a law of the state which has authority to bind the municipalities and to include these local taxes among those subject to this agreement. They are, therefore, included by virtue of the authority of the state, even if they are municipal taxes. This article also provides that the agreement will apply to any substantially similar tax which may be imposed by either government during the time the agreement is in force.

Mr. Hamilton (York West): I think that explains it. In other words, the similar tax would have to be, in Canada an income tax of some kind, and in Denmark would have to come within the three descriptive types mentioned.

Mr. McCann: Yes.

Mr. Fleming: I have not quite finished with article III in this agreement. There is a final paragraph here which has no counterpart in the agreement with Ireland. Will the minister explain this particular paragraph and indicate why there is a departure from the scheme of the Irish agreement?

Mr. McCann: I am told this is covered later, and it has to do with a withholding tax on income in the form of dividends, interest, rents and royalties, which are not from sources within its territory, by a resident of the territory of the other party, if such income is not attributed to a permanent establishment in the territory of the first party. While these agreements with the diffent countries are generally very similar, they are not exactly word for word, and the hon. gentleman is comparing this one with the last one we had before the house in February, 1955. I do not know if there is any further explanation I can give.

Schedule agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the St. Lawrence seaway authority resolution first; then the branch line of the Canadian National Railways in New Brunswick second; the transport control resolution third; the Northwest Territories Power Commission fourth, and the resolution in the name of the Minister of Justice fifth.

It being three minutes past ten o'clock the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

ST. LAWRENCE SEAWAY—CHIGNECTO CANAL

Question No. 351—**Mr. Gillis:**

1. What percentage of the cost of the St. Lawrence seaway will be borne by the United States?
2. Is the Canadian or the American government giving any consideration to an eastern entrance to the St. Lawrence seaway?
3. Is either the Canadian or American government giving any consideration to the construction of the Chignecto canal as an eastern entrance to the St. Lawrence seaway?
4. Has the government discussed the matter of the Chignecto canal with the United States in its relationship to the St. Lawrence seaway?

Answer by: **Hon. L. B. Pearson (Secretary of State for External Affairs):**

1. Most recent estimates of expenditure on both the power and navigation aspects of the St. Lawrence seaway indicate that the United States will bear 43·4 per cent of the total cost of the project. It is estimated that the United States will bear 30·2 per cent of the navigation project and 50 per cent of the power project. This calculation does not include the sums expended by either country on existing works, such as the expenditure by Canada on the Welland canal.

2. The eastern entrance to the seaway is considered to be the point where dredging begins in the St. Lawrence river to permit navigation. The Canadian government is not giving consideration to changing this definition nor, as far as we are aware, is the United States government.

3. The Canadian government is not giving consideration to the construction of the Chignecto canal as an eastern entrance to the St. Lawrence seaway. We have not been informed of any consideration given this matter by the United States government, but such consideration is unlikely as any canal through the Chignecto isthmus would be wholly in Canadian territory.

4. The Canadian government has not discussed with the United States authorities the matter of the proposed Chignecto canal in relation to the St. Lawrence seaway.

HOUSE OF COMMONS

Tuesday, April 24, 1956

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

AGRICULTURE AND COLONIZATION

Second report of standing committee on agriculture and colonization.—Mr. Jutras.

BANKING AND COMMERCE

Third report of standing committee on banking and commerce.—Mr. Hunter.

FISHERIES

LAMPREY EELS—REQUEST FOR PROGRESS REPORT ON WORK OF INTERNATIONAL COMMISSION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. Can the minister report what progress is being made by the international great lakes fishery commission in exterminating the lamprey eels in the great lakes?

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, I thank the hon. member for giving me notice of this question. The first formal meeting of this international commission is now taking place in Ottawa and they are laying out their program, both for the extermination of the lamprey eels and also the scientific management of the great lakes fisheries.

I was very happy to learn from the scientists yesterday morning that they feel there are adequate funds supplied by both governments to undertake the full program during the coming year. Sir, I might add the members of the commission have taken a short recess and are now in the gallery to see how we do our business in this House of Commons.

Mr. Robinson (Bruce): May I ask a supplementary question? Will the program entail work in lake Huron and Georgian bay?

Mr. Sinclair: I will be able to answer that better when the commission have concluded their hearings this week.

TRADE

CEYLON—REPORTED WITHDRAWAL FROM GATT AND RENOUNCING OF EMPIRE PREFERENCE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of Trade and Commerce whether his attention has been called to reports from Ceylon that the government of that country is considering withdrawing from GATT and also denouncing the system of empire trade preferences. Has the department formed any opinion as to the effect this may have on Canada's trade interests?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I must say that such a report has not been called to my attention. I shall be glad to make inquiries and answer tomorrow.

POLIOMYELITIS

SALK VACCINE—INQUIRY AS TO MANUFACTURE BY ADDITIONAL LABORATORIES

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare, or, in his absence, to his parliamentary assistant. Have laboratories other than Connaught been authorized to manufacture Salk vaccine in order that safe and adequate supplies will be forthcoming to overcome the present shortage?

Mr. F. G. Robertson (Parliamentary Assistant to the Minister of National Health and Welfare): Mr. Speaker, it is my understanding that the institute of microbiology at the University of Montreal will go into production some time later this year.

[*Later:*]

On the orders of the day:

Mr. Bryson: I should like to direct a supplementary question to the parliamentary assistant to the Minister of National Health and Welfare arising out of the answer to the question I asked a moment ago. Is it true that further supplies of Salk vaccine to Saskatchewan have been postponed indefinitely?

Mr. Robertson: I have no information that would substantiate that declaration. I shall have to take the question as notice.

Inquiries of the Ministry

FLOODS

MANITOBA—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Acting Prime Minister? Has the federal government made any offer to the government and people of the province of Manitoba to assist in combating the serious floods in our province? In particular, will consideration be given to financial assistance?

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, it is not usual for arrangements for combating a flood to be made in advance. The province of Manitoba has the situation in hand. If and when the province finds it necessary to call on the federal government, the federal government will, of course, consider the situation as it then appears.

ROYAL CANADIAN AIR FORCE

PRESS REPORT OF ALLEGED SHORTAGE OF TRANSPORT AIRCRAFT

On the orders of the day:

Mr. John B. Hamilton (York West): Mr. Speaker, I would like to direct a question to the Minister of National Defence. Would the minister comment on the article in this morning's *Gazette* indicating that there is a shortage of transport type aircraft in the Royal Canadian Air Force?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I can deny, of course, that there is a shortage of transport type aircraft in the Royal Canadian Air Force; but due to the activities in the Canadian north, the mid-Canada line and so on, I can assure the hon. member that all the transport aircraft of the Royal Canadian Air Force are very busy.

[*Later:*]

On the orders of the day:

Mr. Hamilton (York West): Mr. Speaker, I should like to direct a supplementary question to the Minister of National Defence following his previous answer to me. Has the R.C.A.F. sufficient transport type aircraft to carry out its present commitments?

Mr. Campney: According to my information, that is so.

AIR TRANSPORT

D.E.W. LINE—STATEMENT AS TO FREIGHT LIFT FROM MONT JOLI

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, the hon. member for Yorkton (Mr. Castleden) inquired yesterday about inspection and certification of commercial planes being used on the D.E.W. line operating out of Mont Joli.

The answer to this question is that the operators of all commercial aircraft employed in connection with the airlift for the D.E.W. line are required to be in possession of a certificate of airworthiness in accordance with the regulations of my department.

These certificates of airworthiness are contingent upon approved procedures for maintenance and inspection being established and maintained by the operators. These procedures include both inspection and overhaul requirements which are set down according to the type of aircraft and hours it has flown. There is, as well, periodic departmental inspection.

PATENT ACT

STATEMENT AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Roch Pinard (Secretary of State): Mr. Speaker, on Friday last the hon. member for Eglinton (Mr. Fleming) asked me when the house may expect to receive the report of the royal commission appointed to inquire into the operation of the Patent Act, the Copyright Act and the Trade Mark and Design Act. The answer to that question is as follows.

The hon. member may recall that it was considered initially that at least a two-year period would be required for any commission to review and make recommendations concerning this complex legislation. After consulting with Chief Justice Ilsley and also the other members of the commission, I am informed that the commission has now in mind to present its report in separate parts. If so, the report on copyrights, which is expected also to include recommendations covering industrial design legislation, will likely be in the hands of the printers within three to six months. The report on patents will largely be completed by the end of the summer and there is every expectation that it will be presented early next spring.

No announcement can as yet be made with respect to the report on trade marks, as the commission considers that a certain length of time should elapse before the implications of the Trade Marks Act, which was amended in 1953, can be studied more effectively.

TRANSPORT

ST. CLAIR RIVER—INQUIRY AS TO SINKING OF ORE CARRIER

On the orders of the day:

Mr. H. A. MacKenzie (Lambton-Kent): Mr. Speaker, I would like to direct a question to the Minister of Transport notice of which I have not given him.

Within the past few days two freighters collided on the St. Clair river and one of them sank right in the centre of the current. This is greatly disrupting traffic. Has any attempt been made to raise this vessel? What jurisdiction does Canada have in the matter?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I made a statement to the house on this subject yesterday in which I said that salvage operations were being carried out under the direction of the United States coastguard and that efforts were being made to raise the vessel which had sunk.

PIPE LINES

TRANS-CANADA PIPE LINES—REFERENCE TO SPEECH OF MINISTER OF TRADE AND COMMERCE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Will the minister give the house the name of the United States citizen to whom he referred in his speech yesterday, who was connected with or a promoter of Trans-Canada Pipe Lines and who offered to turn over his holdings to the government of Canada or to a nominee of the government of Canada?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I could give the name, but as the remarks were made outside the House of Commons perhaps they would be in the same category as some of the correspondence my hon. friend is having with those in the south who are interested in pipe lines.

Mr. Diefenbaker: Mr. Speaker, I produced the correspondence, and I now ask if the person the minister referred to yesterday in his emotional speech was a fictional character.

Mr. Howe (Port Arthur): I assure my hon. friend that my speech yesterday was of the type usually given to chambers of commerce, which are not generally considered as being emotional bodies. The man to whom I referred is certainly not a fictional character.

Mr. Diefenbaker: It sounded like that.

COMBINES INVESTIGATION ACT

MANITOBA—ALLEGED RESTRICTIVE SALES AGREEMENTS AMONG BREWERIES

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, may I direct a question to the Minister of Justice. As I have not given the minister notice he may prefer to take this as notice. In view of the recent disclosure by a representative of the Manitoba breweries that restrictive sales agreements have been in effect among Manitoba breweries since 1936, is it the intention of the minister to order a further investigation into the restrictive trade practices of Manitoba breweries?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the only report relating to the brewery industry which has been received by myself as Minister of Justice is the report which was published in June of last year. This report related principally to merger activities of Canadian Breweries Limited; and while it referred to certain quota arrangements in Manitoba and other provinces, it did not elaborate upon them. However, any suggestion that any such agreements were given express or implied exoneration is quite unwarranted.

The matter of such agreements has been receiving further consideration by the combines branch. In accordance with the usual practice that we do not disclose anything while such matters are under consideration, I can say no more at the present time.

We have not yet received the opinion of counsel upon the Canadian Breweries case, but I can assure hon. members that the matter is not being overlooked. If there have been any delays they have been due to the nature of the case and, in part, to the temporary incapacity of counsel, to which I have referred on previous occasions. When a conclusion has been reached I will promptly make it known to the house.

Mr. Knowles: As a supplementary question, may I ask the minister if the counsel referred to is over his temporary incapacity and back on the job?

Mr. Garson: Yes, he is.

INCOME TAX

DEPLETION ALLOWANCES—REFERENCE TO ALLEGED RETROACTIVE LEGISLATION

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I should like to direct a question to the Minister of Finance. In response to the serious concern being expressed in Canada with regard to the principle of retroactive

taxation measures, is consideration now being given by the minister to abandoning the retroactive features of the proposed amendments to the Income Tax Act with reference to depletion?

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I said in my budget speech that we were not introducing any form of retroactive legislation, and I am still of that opinion. However, apparently other members of the community are not of that opinion and tomorrow I am receiving those who feel that they would like to express their opinions.

Mr. Donald M. Fleming (Eglinton): May I follow that up by asking the Minister of Finance when he intends to introduce the resolution preceding amendments to the Income Tax Act?

Mr. Harris: I think as soon as this interview is over and proper consideration has been given to what is said.

ST. LAWRENCE SEAWAY

AMENDMENTS TO AUTHORIZE OPERATION OF BRIDGES, ESTABLISHMENT OF TOLLS, ETC.

Hon. George C. Marler (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to empower the St. Lawrence seaway authority to construct, maintain and operate international bridges as specifically authorized by the St. Lawrence Seaway Authority Act, and to construct, maintain and operate incidental works; to provide the specific authority for the construction of an international bridge; to enable the authority to establish tariffs of tolls with respect to pedestrians or vehicles using highways or bridges under its authority; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Nesbitt: Would the minister give us a statement as to the purposes of this resolution?

Mr. Marler: That is just what I was about to do when the hon. gentleman rose. I should like to explain the purposes the government has in mind in bringing forward this resolution as a preliminary step toward the amendment of the St. Lawrence Seaway Authority Act.

It will be observed that the resolution itself indicates three main purposes: first, to empower the St. Lawrence seaway authority to construct, maintain and operate international bridges as specifically authorized by the St. Lawrence Seaway Authority Act and

to construct, maintain and operate interworks; second, to provide the specific authority for the construction of an international bridge; and third, to enable the authority to establish tariffs of tolls with respect to pedestrians or vehicles using bridges under its authority.

The principal need to amend the act arises from changes that must be made, because of the construction of the seaway, to the existing facilities at Cornwall for rail and highway traffic moving across the river. At present both rail and road traffic uses a bridge which spans the north channel between the mainland of Ontario and Cornwall island. On the island itself there is a right of way for the railway and a highway for motor vehicles. The traffic, both rail and road, crosses the south channel between the island and the mainland of the United States by means of another bridge which lies astride the international boundary. The railway facilities are owned either by the New York Central or by one of its subsidiary companies, whereas the right to use the bridges for motor traffic is leased from the railway by the Cornwall International Bridge Company which also operates and maintains the highway across the island. I should like to add that these highway facilities are subject to tolls which are under the control of the bridge company to which I have just referred.

The construction of the seaway will make it necessary not only to demolish the bridge across the south channel, which is to be used by shipping, but also to relocate the railway and highway facilities and in doing so to build a new bridge across the river at Pollys Gut. I am sure that hon. members will appreciate that the responsibilities for this work of demolition and reconstruction rest partly upon the St. Lawrence seaway authority and partly upon its United States counterpart, the St. Lawrence seaway development corporation, as part of the work has to be done in Canada and part in the United States.

Pollys Gut, like the south channel to which I referred a moment ago, is divided by the international boundary so that the new bridge will be located partly in United States territory and partly in Canadian. It is now proposed that the St. Lawrence seaway authority be given the legal capacity to construct, maintain and operate bridges connecting Canada with the United States and, of course, to acquire lands for this purpose; and, more specifically, the authority is to be authorized to construct, maintain and operate the bridge over Pollys Gut to which I have already referred.

The building of the new bridge over Pollys Gut may be the joint enterprise of

the authority and of its United States counterpart, the St. Lawrence seaway development corporation, or separate parts of the structure may be undertaken by each of them. Accordingly, it is intended to authorize the seaway authority to exercise its powers in this regard either alone or jointly or in conjunction with an appropriate authority in the United States.

The demolition of the existing bridge over the south channel and the relocation of the present facilities for rail and road traffic will quite naturally give rise to claims for damages, particularly by the Cornwall International Bridge Company which, as I said earlier, has leased the right to use the bridge over the south channel and that over the north channel for highway purposes. Though its current lease ends on the 31st of December, 1957, a renewal was negotiated in 1950 for a term ending on the 31st of December, 1982. Because of the complexities of this situation, it is thought it would be desirable that the seaway authority should have, in addition to the power it already possesses of expropriating property, the power to acquire by agreement the shares of the Cornwall International Bridge Company. The proposed legislation will contain provisions for this purpose.

As the existing facilities for highway purposes are subject to tolls, it is necessary to give the authority the power to establish tolls with respect to the use of highways and bridges under its control.

So much for the main purposes of the resolution. The other purpose, that of providing for certain changes in the administration of the act, concerns a few subsidiary matters, namely:

1. To authorize the authority to procure the incorporation of subsidiaries.

2. To declare that the Navigable Waters Protection Act does not apply to works that are undertaken by the authority, as the present act now provides, or by a subsidiary of the authority.

3. To provide that the net proceeds of the disposition of surplus property under the administration and control of the authority shall be paid to it so that these amounts may be credited against the expenditures.

4. To give the St. Lawrence seaway development corporation or other authority in the United States the power to do in Canada such acts and things as may be necessary to enable it to act jointly or in conjunction with the seaway authority or a subsidiary thereof where, by the St. Lawrence Seaway Authority Act, the authority is empowered to do something jointly or in conjunction with the St. Lawrence seaway development corporation or other authority in the United States.

Mr. Nesbitt: I have just a few questions. I thought it would perhaps facilitate matters if I put a number of questions to the minister which he could then answer. Is there not sufficient authority already in the St. Lawrence Seaway Authority Act, Revised Statutes of Canada, 1952, chapter 242, sections 10, 14, 15 and 17, to carry out the works the minister mentioned without having to amend the act? Second, is more than one bridge contemplated by the minister at the present time? He mentioned just one near Cornwall. Is there likely to be a bridge built by the seaway authority farther up, let us say at Prescott?

Another question I should like to ask the minister is with respect to the Ogdensburg bridge authority. An act was passed in 1952, which is chapter 57 of the statutes of Canada, 1952. In this act passed in 1952, known as an act to incorporate Ogdensburg bridge authority, I see that a certain private company has authority to build a bridge across the St. Lawrence river at Ogdensburg. They can ask permission to commence this bridge in five years, so that it would be July, 1957, before the power expired. I was wondering whether the minister could tell us whether there is any intention on the part of this company of going ahead and building this bridge up the river there. I see there are nine directors of this company, of whom seven are Americans and two are Canadians, one being the ubiquitous Mr. Duncan K. MacTavish. I wonder whether the minister would care to answer some of these questions at the present time?

Mr. Marler: If it would facilitate discussion of the resolution I should be glad to try to deal with these three questions summarily. In answer to the first question, as to whether the St. Lawrence Seaway Authority Act gives sufficient power to the authority to do what is contemplated by the present resolution, I think I should say immediately that the answer is no. It is thought that the seaway authority has not the requisite capacity to build the bridge across Pollys Gut to which I referred a few moments ago, and it is therefore necessary not only to give it the legal capacity to undertake this building operation but it is likewise necessary to give it the right to build this international bridge.

The hon. member for Oxford asked whether more than one bridge was contemplated. Perhaps I should, if I may, just go back over the explanation I gave a moment ago. The necessity for building this particular bridge arises from the fact that we

have both highway and rail traffic crossing the river at this particular point so that, regardless of the intention of any other authority, public or private, to build bridges across the St. Lawrence river, in order to restore the facilities that now exist it is necessary for the Canadian seaway authority and the St. Lawrence development corporation to replace for the New York Central Railway in particular the railway facilities that are going to have to be interrupted by reason of the construction of the seaway.

By the same token, I am sure the hon. member will appreciate the difficulties of the situation when I again refer to the fact that we have this Cornwall International Bridge Company which has these highway traffic rights, which are of some importance both to those who use them and also to the corporation which collects revenues from the use of the facilities, and clearly it is necessary for the seaway authority to deal with this situation. I am given to understand that the method which it is proposed to follow—that is to say, removing the bridge over the south channel where navigation will pass and rebuilding a new bridge over Pollys Gut where navigation will not pass—is the proper technical method of dealing with the problem.

The hon. member asked more specifically whether more than one bridge is contemplated. We are, of course, talking about international bridges at the moment. I can say to the hon. member that my understanding is that it requires specific legislation from parliament to build an international bridge. The amendments that are contemplated would authorize the seaway authority merely to build the Pollys Gut bridge and not any other international bridge.

Mr. Johnston (Bow River): May I ask the minister a question or two? I do not intend to give any lengthy talk on this occasion. When he was speaking the minister made reference to the north and south channel. May I ask whether he feels these channels are navigable and whether Canada is going to have an equal share in the construction of a bridge across both channels or will it span the whole river, including both channels?

May I ask a question about the cost of constructing the bridge? Does Canada propose to bear 50 per cent of the cost and the United States the other 50 per cent?

The third question I should like to ask has to do with the establishment of tolls on an international bridge. I understood the minister to say, and quite properly so, that there would be tolls charged on this international bridge. Can he tell us first, if he has the information, what the toll will be, and whether it is establishing a principle whereby international bridges may have a toll charge?

Mr. Marler: Mr. Chairman, with regard to the first question I should like to tell the hon. member that at present navigation in this part of the river is to the north of Cornwall island and proceeds up by means of the Cornwall canal, but when the dam is built between Barnhart island and the mainland of Ontario, together with the other associated works, our own canal will cease to function and navigation will thereafter be by means of the south channel on the south side of Cornwall island, so that what is necessary to do as a consequence of building the seaway is to remove the bridge over the south channel. The bridge over the north channel can remain because it does not interfere with navigation now; and navigation, after the opening of the seaway, will not immediately at least be using the north channel.

In order to permit the New York Central to cross the river, its right of way under the present plans is to be diverted from its present site toward the west, crosses over what I believe is called the Grass river bay, proceeds on to another island and then turns eastward downstream, so to speak, to this new bridge which will be built across Pollys Gut, which leads to Cornwall island. I hope I have answered my hon. friend's question so far as the existing bridges and that which is now contemplated are concerned.

He spoke a moment ago with regard to the cost, and I shall merely say I do not think anything more than a tentative arrangement has been made between the seaway authority and the seaway development corporation with regard to the Pollys Gut bridge. I would like to say to the hon. gentleman I think the intention is that the cost would be shared approximately equally, and there is just a question as to whether or not the work would be done jointly; that is to say, both enterprises agreeing that together they shall build the bridge, or whether it shall be done separately in the sense that part of the work, let us say specifically the substructure, would be built by one of the authorities and the superstructure by the other. It does appear that an arrangement such as that would lead to a distribution of costs which would be approximately equal, and I think the general intention is that there shall be an approximately equal sharing of the cost.

In that connection I would merely like to remind my hon. friend that as the capital costs of the building of the seaway, whether it be the Pollys Gut bridge, the locks or

some other part of the work, must in the final analysis be the subject of tolls whether they are paid by the St. Lawrence seaway development corporation or by the seaway authority, in the last analysis must come out of the traffic that is going to use the canal, so that personally I do not attach too much importance to exact equality in any particular operation provided the principles of equity are respected.

The hon. gentleman also asked a question as to the amount of the tolls. All I can say to him is that I do not know what is the tariff of tolls now being charged, and I do not know what is going to happen when these changes are carried out. I am quite sure the hon. member will appreciate the difficulties of the situation. I am thinking merely of the road traffic at the moment. The bridge company really owns three distinct properties, the present bridge over the south channel, the highway across Cornwall island and finally the bridge over the north channel.

If one expropriates the bridge over the south channel I take it that, independently of any other considerations, there may be a claim for total destruction of the whole enterprise because you cannot operate two-thirds without having something in substitution of the remainder. I can conceive that possibly, though I am not predicting the future course of events, the rights of the bridge company might conceivably be exercised over Pollys Gut bridge instead of over the bridge over the south channel. In that event there would be tolls in respect of the use of that bridge, just as there are at present in respect of the use of the bridge over the south channel.

I find it difficult to see all the possibilities. I am hopeful that it will be possible for the seaway authority to reach an agreement with the bridge company by which the authority will acquire by agreement, and not by expropriation—because there is no question of expropriation in this aspect of the question—the shares of the bridge company, and thus eliminate all the long drawn-out business of determining the damages in the rearrangement of the works.

It seems to me that is probably a simple solution but, as hon. members realize, it is quite one thing to talk about making a reasonable arrangement and another actually to conclude one. People's ideas of what is a reasonable price I find vary very considerably, and it may well be that what the authority considers to be a reasonable price for the shares of the bridge corporation is a long way from that which is entertained by the shareholders themselves. At all events, as I hoped to make clear earlier, we are not asking that the authority be given power to expropriate the shares, it may exercise the power to expropriate only physical properties. We are asking merely for the power to acquire these shares by agreement.

Mr. Johnston (Bow River): I am not clear on one question. Will this establish the principle that tolls be charged on all international bridges?

Mr. Marler: I do not think so, Mr. Chairman. I do not think really any principle is at stake here, particularly as we have a state of affairs that has existed for a long time, and I do not believe it can be suggested that we are consecrating a principle eternally. I rather suspect that if the facilities are built it would be reasonable to expect that tolls will continue, and my own general impression—I do not want to engage in a debate about the virtues or demerits of tolls—is that if there are tolls it is more likely the facilities would be kept up than if there are no tolls and merely hopes for those who would like to have better facilities.

Mr. Michener: What I have to say is largely in the nature of an inquiry, too, because there are so many uncertainties in a project of this kind which will only be resolved as it is proceeded with. One can readily appreciate that the construction of the canal, the deepening of the waterway and the construction of power plants will make it necessary to relocate facilities, including bridges, and perhaps make it necessary to construct bridges which did not exist before. I would have thought that, as suggested by the hon. member for Oxford, the St. Lawrence Seaway Authority Act was broad enough to permit the construction of bridges but, in any event, there is no harm in confirming that authority by additional legislation.

The consideration that arises in the construction of a bridge suggests to me a reference to the well-established pattern of international bridges which has been developed in the course of some time with respect to bridges and tunnels between Canada and the United States. In the main these are semi-public authorities, and they are all toll bridges or toll tunnels. They are self-liquidating. They have usually been financed by bond issues subscribed by the public, and tolls have been devoted to the paying off of the cost of construction. The bridge authorities with which many hon. members are familiar then turn the structures over to the appropriate governmental authorities when the bonds have been retired, and then it is a matter for the government to decide whether or not tolls should be continued.

That is a well-established pattern. It is the result of the building of a good many substantial intercommunications between Canada and the United States at no cost to the public, except to those drivers of vehicles and pedestrians who use the bridges.

This raises a question as to whether or not the tolls which would be charged for the use of this bridge would be kept entirely separate from the seaway tolls. It seems to me they have no relationship to the tolls which would be charged for the use of the canal. In one case the users of the bridge would pay their tolls and pay the cost of maintenance and ultimately the cost of building the bridge, and separate accounts should be kept. In the other case the users of the canal, or the shippers, would pay their toll for shipping facilities. I am just pointing this out; doubtless these things have received consideration not only by the minister but by the seaway authority.

If that pattern is followed there will be the question of the reversion to public authority of such bridges as the seaway authority may build and the integration of these into the highway systems of the two countries after the bridge has been paid for. I think that is a desirable course to look forward to, rather than to have the seaway authority charged in perpetuity with the maintenance of structures which are in essence a part of the road transportation system of the country.

I am not clear as to how far the proposed new structure will be from the existing bridge. Perhaps the minister could tell me how many miles distant it is to be. If it is approximately in the same location, different considerations arise, I think. I take it that the existing bridge is a self-sustaining bridge; that is, it is maintained by the tolls that are charged and is self-sustaining. I assume that if necessary the new one will also be self-sustaining. It occurs to me that the existing bridge company might be prepared to undertake the construction and operation of a new bridge. It might save the authority the expense of acquiring its shares or a site or the franchise of the existing company; however, those are matters for negotiation. I do agree that the authority ought to have the power to see that proper bridge communication is maintained across the new canal.

One question which arises is whether it has been definitely settled that a subsidiary company will be formed for the purpose of constructing and operating the bridge and, if not, whether the corresponding authority on the United States side, which I believe is called the St. Lawrence seaway development corporation, will undertake the construction of the part of the bridge which is on the United States side.

[Mr. Michener.]

We would be interested in knowing whether or not the policy has been thought out far enough so the minister could say at this time that when the bridge has been paid for by the charging of tolls in due course, it will become a part of the highway system of the country.

Mr. Marler: Mr. Chairman, it is exactly considerations such as those which the hon. member for St. Paul's has just expressed that have lead to the provision in this resolution for the granting of power to the St. Lawrence seaway authority to have a subsidiary corporation. I believe it is the intention of the authority, particularly if arrangements can be concluded with the Cornwall International Bridge Company, to acquire its rights over the existing facilities and to entrust them to a subsidiary corporation so that, just as the hon. member for St. Paul's suggested, the revenues coming from highway tolls would be kept separate from those coming from the seaway.

Perhaps I should not say that this is the sole and exclusive purpose so far as subsidiary corporations are concerned, but I know of no other purposes in mind for subsidiary corporations at this time other than that purpose leading to separating the highway facilities from the collection of tolls from the principal and main activities of the St. Lawrence authority itself which is, of course, to be concerned with tolls from navigation.

Mr. Knowles: Mr. Chairman, I would like to ask the minister just one question, and it is a very simple one. Is the minister yet in a position to give any kind of timetable concerning this whole project, as to when the power station might be in operation and when navigation itself will be opened?

Mr. Marler: Well, Mr. Chairman, in giving these dates I do not want the hon. member to think I am giving a personal undertaking that the project will be completed within these time limits, but I am told it is the objective of the power interests to get into the production of power sometime during the end of the summer of 1958. So far as the navigation facilities are concerned, it is expected that the seaway will be open for navigation for the season of 1959. I do not think there has been any departure from those dates.

When I first became associated with the project it was then said it was expected it would be finished toward the end of 1958, and I do not think there has been any substantial departure from that proposed date of completion. Quite obviously it would be academic to expect the navigation facilities

to be completed by December 31, 1958, and I think they would be completed with the opening of navigation in 1959 so far as the seaway is concerned. I believe it is the hope and expectation of the power entities that it will be possible to commence production sometime in the summer of 1958.

Mr. Knowles: Could the minister give a corresponding answer regarding the bridge?

Mr. Marler: I think that we must have the bridge finished at that time. One fact I want to emphasize particularly is that it serves both for railway and highway purposes. I do not believe it would be possible to interrupt either the rail traffic or the highway traffic. I think the two must be done so that it would be in operation when navigation commences.

Mr. Nesbitt: Mr. Chairman, I would like to ask one or two questions arising out of answers the minister made in reply to my earlier questions. Could the minister tell us whether or not bridges apart from the one the minister specifically mentioned are going to be built, particularly in the international rapids section of the seaway, or anywhere else for that matter, by the St. Lawrence seaway authority; or are they going to be constructed by private companies?

I am just seeking information. The reason I mention that particularly is the Ogdensburg Bridge Company, which was incorporated by parliament in 1952 by chapter 57 of the Revised Statutes of Canada. Section 18 of that act sets out that power to commence the bridge may be sought from the governor in council within five years. No further act would be necessary, because permission could be given by the governor in council to commence the bridge within that period of time. Does the minister know whether the Ogdensburg Bridge Company is going ahead? I believe there is a private bill on the order paper concerning that company, but I do not know what it contains and I am just curious as to what is going to happen.

Mr. Marler: I am not in a position to make any statement with regard to the Ogdensburg bridge. All I can tell the hon. gentleman is that if it had not been for this particular situation at Cornwall island I do not think the seaway authority would be in the bridge building business at all. I would not like the committee to think for a moment that this is a departure from the main purpose of the St. Lawrence seaway authority which, as hon. members know, is to build a deep waterway from Montreal to lake Erie and not to go into the building of a series of bridges across the river, either in the international rapids section or anywhere else. If it had not been for this particular situation and the fact that the replacement of the bridge across the south channel necessitates an international bridge I do not think it would have been necessary to bring in this legislation.

The hon. member for Oxford perhaps was a bit more specific with regard to the question of bridges. I think I have dealt clearly with the matter of international bridges. As I understand the situation, if another international bridge were necessary because of the seaway I think we would expect to come back to parliament to ask for authority to build a further specific international bridge, but there is no such intention at the present time.

So far as other bridges are concerned, I think I should say that it is a possible development, although I would not like to describe it as being likely, that after the bridge has been built across Pollys Gut it may be necessary to replace the bridge across the north channel. I consider that to be within the realm of possibility. I would not want hon. members to feel that I have not been perfectly frank, that there has been an attempt to conceal that fact from them. There is that possibility, but at the moment I would not describe it as something that is to take place immediately. I do not know if it will take place or when it will take place, but I say it can take place under the legislation which is contemplated.

Mr. Nesbitt: As the minister has indicated, the seaway authority is not in the bridge building business except when a bridge is necessary because of the seaway itself. I think that could be expanded in more general terms. Many new problems are going to be created by the increased flow of traffic from the ocean to the lakes and by the larger ships going through. Many of these could not be foreseen at the present time. If there are to be other international bridges, to be built either by private companies or by some governmental authority, it would seem to me that the seaway authority should be interested in having a great deal of control over such bridges. With the increased traffic and the larger vessels from foreign countries and elsewhere I would think that control over any bridge built across the St. Lawrence river between Kingston and Montreal or even beyond Montreal should be vested in the authority.

There could be all kinds of things that could not be foreseen at the moment. There is some indication that the Ogdensburg bridge may be built. Just what authority

will the seaway authority have over the height of bridges and so on? There are all sorts of problems, as I mentioned earlier. A bridge might obstruct traffic and other things could happen. Could the minister give us some assurance in this respect?

Mr. Marler: I would draw the hon. member's attention to the terms of the resolution which give an indication of the legislation which is to follow. The first phrase reads:

> That it is expedient to introduce a measure to empower the St. Lawrence Seaway Authority to construct, maintain and operate international bridges as specifically authorized by the St. Lawrence Seaway Authority Act.

I think those clear terms of the resolution indicate that specific authority would be required. Mention has been made of the bridge over Pollys Gut. I take it that if contrary to my own expectations at this time it were decided at some future time that the seaway authority ought to be the instrument for building some other bridge of an international character, then that would require a specific amendment to the act. I hope that answers the question.

Mr. Nesbitt: Not the exact question I had in mind. If other international bridges are built across the St. Lawrence, constructed either by a private company or a governmental agency, not by the seaway authority itself, what control if any would the seaway authority have over such bridges?

Mr. Marler: Mr. Chairman, control of that kind is not exercised by the St. Lawrence seaway authority. The particular section of the St. Lawrence river with which we are concerned is not the only navigable water in Canada. Broadly speaking, the jurisdiction of the authority will extend from the port of Montreal westward to the end of the Welland canal, but it is not the authority which approves the plan. That is a duty which falls upon the Department of Public Works under the Navigable Waters Protection Act. That act requires that the height of a bridge over a navigable water shall be such as not to interfere with the course of navigation. That is not a function which properly ought to be carried out by the St. Lawrence seaway authority, which has a specific administrative task to carry out. There is general control by legislation to protect navigation against bad engineering or overenthusiastic bridge builders, which is to be found in the statute to which I referred a moment ago.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, earlier in his remarks the minister gave us to understand that the present lease on the existing bridges at Cornwall would have expired in December, 1957, but was renewed in 1950 until 1982. Between what parties was that lease executed?

Mr. Marler: The lease is between the New York Central railway, a subsidiary of the New York Central railway the name of which escapes me at the moment, and the tenant, which is the Cornwall International Bridge Company. As I recall, those are the three parties to the lease which was negotiated I believe back in 1950.

Mr. Hamilton (Notre Dame de Grace): Is the federal government a party to that lease in any way? In other words, when the bridge was originally constructed it must have been constructed with the knowledge and acquiescence of the federal government. Is there any way in which the federal government is currently a party to this lease?

Mr. Marler: My recollection of it, Mr. Chairman, is that the bridge over the north channel, and the Canadian portion of the bridge over the south channel were built under the authority of legislation adopted a great many years ago. I should not like to affirm this as having been verified just a short while ago, but my impression is that the legislation goes back to 1887. There were provisions in that statute, but unfortunately they did not provide any particular relief so far as the federal government was concerned in considering what might be done in connection with the bridge.

I should like to emphasize the fact, however, that the bridge over the north channel, and likewise that over the south channel, were built as part of a railway operation. They were never intended to be for road purposes when originally built. In fact, as I understand it, when there is a train on the bridge there is no possibility of highway traffic using it, so my hon. friend will understand it goes back quite a long way.

Mr. Hamilton (Notre Dame de Grace): Yes, I think I know the bridge in question and it is not very large, nothing to be very proud about. As a matter of fact, I guess the only bridge that looks and is worse than this bridge is the Victoria bridge near Montreal; that is just a personal opinion.

However, the point I am trying to get is whether, when this lease was renewed in 1950, there was any measure of acquiescence whatever required on the part of the federal government in order that this renewal could come about.

Mr. Marler: I do not want to leave without comment the hon. gentleman's remarks about the Victoria bridge. I do not look upon the Victoria bridge as a modern structure like

the Jacques Cartier bridge in Montreal, but somehow or other the Montreal public seems to be rather glad the Victoria bridge is there. So far as I am concerned, I think the public are rather pleased to see that there are more facilities on the Victoria bridge, despite what the hon. gentleman has just said.

I do not want to digress, Mr. Chairman, because I know the Victoria bridge is not covered by this legislation. I do not want to attempt to broaden the debate to cover it, though if my hon. friend from Notre Dame de Grace would like to talk about the subject when my estimates are before the committee I shall be very happy to discuss the thing as fully as he wishes. It is merely because I feel the subject is outside the scope of this resolution that I resist the temptation to say what is in my mind.

Mr. Hamilton (Notre Dame de Grace): We will confirm that date right now. I am just waiting for the opportunity.

Mr. Marler: I shall do my best, in spite of the hon. gentleman's remarks, to sleep soundly in the meanwhile. I think it will be found, when the facts are known, that though the hon. gentleman may not be convinced, people who will approach the thing with an open mind will come to the conclusion that there is certain merit in what has been done.

I should like to reply to the hon. gentleman's question with regard to the lease. I would say, though, that the two bridges are the property of the New York Central railway or a subsidiary, and that the federal government was not a party to the renewal of the lease in 1950. The railway company did not require federal consent to lease the property. My understanding of the circumstances is that the bridge company was contemplating some rather substantial expenditures at that time and negotiated a 25-year renewal of the lease so as to give it the opportunity of recovering its new investment over a longer time.

Mr. Hamilton (Notre Dame de Grace): There is just one more brief observation I should like to make, Mr. Chairman. I feel this resolution is a rather unfortunate piece of draftsmanship in that it has left some of us very definitely with the impression that the seaway authority was being given the power to construct, maintain and operate bridges, in the plural, and conceivably as many bridges as they wished to construct without any further reference to this house. This statement is very definitely made in the opening sentence of the resolution, which reads:

> That it is expedient to introduce a measure to empower the St. Lawrence seaway authority to construct, maintain and operate international bridges as specifically authorized by the St. Lawrence Seaway Authority Act, and to construct, maintain and operate incidental works—

I draw particular attention to the fact that the word "bridges" and works are in the plural. Anyone reading that is very definitely given the idea that this is an all-embracing resolution. Then the minister gives us to understand that this resolution, and the bill when it is introduced, is going to be specifically related to one bridge and one bridge alone, and that if any further bridges are to be constructed the government will have to come back to the house to get further authorization.

Now I, for one, am very glad that is the case. I never have liked and I do not imagine I will ever bring myself to like, the type of all-embracing legislation that hands over to some subsidiary government body rights of action which properly belong to this parliament. The government has been prone to do that on certain occasions in the past. In this instance apparently they are not going to do so, but that does not alter my own feeling that when a resolution comes to this house it should be so written that we can understand what it means and what it is intended to cover before we come into the chamber and have the minister restate the resolution in terms which are, in this case, substantially different from those one would draw from this wording.

Mr. Marler: I do not want to prolong the discussion unduly, but it seems to me that the language of the resolution is quite clear for those who will read it and give to each of the significant words the meaning which it normally has. There is no question but that the words "international bridges" means more than one bridge. But my hon. friend who has just spoken conveniently leaves out the effect of the word "specifically".

I have not, in what I have said today, done anything to limit the scope of the resolution. I have merely told him that it was the intention under the proposed legislation to give specific authority to build the Pollys Gut bridge, but my hon. friend does not seem to appreciate that there are two aspects to this situation. The first is to give the seaway authority the power or legal capacity to build international bridges. Then there is a second aspect, to give the power or the right to the authority to build a specific international bridge. I have told him in my remarks it was intended to authorize the authority to build international bridges, but that the only international bridge that would be specifically authorized under the legislation is the Pollys Gut bridge. Surely, Mr. Chairman, it makes it quite clear that if any other international bridge needs to be built in the exercise of the

power which we are now conferring on the authority, parliament would require to be consulted.

Now, Mr. Chairman, we all know that when lawyers come to draft bills and resolutions they draft them in legal language; and having dealt with lay people and clients all my life I have become quite accustomed to having clients say to me, "Why can you not put that in simple language that we all can understand?" When lawyers do that we will all know that the millennium has been reached; and that when the client understands the lawyer there will be no further need for him.

Mr. Nesbitt: To comment on the last remark of the minister, may I say that in the law school I and I guess a great many other hon. members attended we were always told to put things in as simple language as possible.

An hon. Member: Why don't you do it?

Mr. Lavigne: I want to say a word on the resolution. The St. Lawrence seaway authority has the responsibility of replacing existing structures whether it is a house, place of business or a bridge. I believe the reason for the introduction of the resolution is to give the authority certain powers under which they will be able to build the bridge without becoming involved in too many details with a company that has a Canadian and an American aspect. I believe the authority is the only body that can handle the situation in the proper manner, because it will involve quite a lot of added expenses that the bridge company may not be willing to incur but which the authority can take care of by charging certain tolls.

At the present time the toll on the international bridge at Cornwall is $1 one way or $1.25 for a return trip. The port of entry at Cornwall has become quite important from the point of view of customs revenue, and I want to recommend to the minister that the bridge be replaced with a modern structure, if possible, and also with the least inconvenience to the people who have to cross back and forth. I agree with the remarks of the hon. member for Notre Dame de Grace that the present bridge is not very beautiful or attractive, but I want to tell him that it has been useful and appreciated by the people of my county.

Resolution reported and concurred in.

Mr. Marler thereupon moved for leave to introduce Bill No. 216 to amend the St. Lawrence Seaway Authority Act.

Motion agreed to and bill read the first time.

[Mr. Marler.]

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION OF BRANCH LINE FROM BARTIBOG TO TOMOGONOPS RIVER, NEW BRUNSWICK

Hon. George C. Marler (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to authorize and to provide for the construction by the Canadian National Railway Company of a line of railway from Bartibog to the Tomogonops river, in the province of New Brunswick, being approximately 22 miles, at a total estimated expenditure of $2,800,000. The measure will include authority for the issue by the company of securities, which may be guaranteed by the government, to finance the construction. To enable the company to proceed with construction forthwith, temporary loans may be made to the company out of the consolidated revenue fund upon terms and conditions prescribed by the governor in council, and may be secured by company securities.

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

Mr. Brooks: Is the minister going to enlarge on what is contained in the resolution?

Mr. Marler: Yes, I have a very brief statement I should like to make in connection with this resolution. I was able to announce in the house on March 26 that it was the intention of the government at the first convenient opportunity to recommend legislation to parliament that would authorize the Canadian National Railway Company to construct a line of railway from Bartibog to the Tomogonops river in the province of New Brunswick, a distance of approximately 22 miles. This resolution seeks that authority.

The proposed branch line would commence at a point at or near Bartibog, on the main line of the Canadian National Railways between Newcastle and Bathurst in the province of New Brunswick, and run in a westerly direction to the Tomogonops river in the vicinity of Little River lake, a distance of approximately 22 miles. The estimated cost for the construction of the proposed line is $127,270 per mile or a total of $2,800,000.

Heath Steele Mines Limited, a subsidiary of American Metals Company, has expended large sums in proving up a substantial body of lead, zinc and copper ore and is at present actively engaged in readying the mine for production, including the installation of a concentrate mill having a capacity of 1,500 tons of ore daily. The company has requested the railway to construct the said branch line to its mine.

The prospective traffic on the proposed line would consist of mining concentrates estimated to amount to 120,000 tons per year moving by rail to Newcastle, Halifax or Saint John or other points for export. It is estimated that there would also be 12,000

cords of pulpwood originating on the branch line and that general freight traffic to the value of $115,000 per year will develop. Heath Steele Mines Limited has agreed to guarantee a movement of 450,000 tons of concentrates within the first six-year period of operation, with the stipulation that the railway will be paid a penalty for any shortage below 75,000 tons in any year, subject to adjustment if in the aggregate 450,000 tons are delivered to the railway over the said six-year period.

The arrangement also contemplates that if penalties are paid for the-six year period, the company will be granted a further six-year period in which to recoup such penalties for any excess over 75,000 tons in any year during the second six-year period, provided that credits to the company will cease when all penalties have been so returned by the railway. The president of the railway believes that on these terms the branch line should be profitable. A formal agreement in writing will be negotiated with the company.

The president of the railway advises that the revenue to be received from traffic engendered by the branch line will meet all expenses of operation and maintenance of the branch line, the cost of handling such traffic on the remainder of the system, interest on the cost of construction of the branch line, and interest and depreciation on the necessary equipment, and produce a surplus.

The resolution will, I feel sure, commend itself to the house, and I am confident that hon. members will see the proposed legislation as yet another forward step in the development of our great natural resources and as an instance of the part the Canadian National Railways continue to play in that development. I think all of us are particularly happy that the location of this further extension of our national railway system is in the province of New Brunswick. This rail construction is the first in that province in recent times, and sharply points up the tremendous potential wealth that lies within its boundaries.

Mr. Brooks: Mr. Chairman, I wish to say just a few words on this resolution. As the minister has pointed out, we were told of this resolution on Monday, March 26, when he notified the house that such a resolution would be brought down.

It is not necessary for me to read the resolution. I imagine it is much the same as what we would find in any other resolution with respect to a branch line of the Canadian National Railways anywhere else in Canada. It will be a part of the Canadian National Railway system and it will be a branch line, as he says, in the province of New Brunswick. As the minister well said, we in New Brunswick are happy that a railway is being built there. It is good news. As he also said, it is a number of years since there has been any railway building in the province of New Brunswick. In that connection I might say that we are becoming more accustomed to having railroads torn up than we are to having them built.

I am pleased indeed that it is the Canadian National Railways that is building this branch line. When the Quebec North Shore and Labrador Railway Company matter was before the house I think a good many of us felt that it was rather a shame that our Canadian National Railways, which is the peoples' railway in this country, was not building the railroad in that potentially wealthy part of this dominion. Speaking frankly, I think that the Canadian National Railways missed a great bet in the Labrador peninsula. However, that has nothing to do with the line that is being built from Bartibog to the Tomogonops river in the province of New Brunswick.

The minister has told us that this matter has been thoroughly investigated, that from all appearances it will be a feasible and practical railroad, and that it will pay. Not only will it handle these metals from this mine which is being operated by Heath Steele Mines Company Limited which, I might say, is a subsidiary of the American Metals Company. The railway will also develop the country further as far as lumber operations are concerned. I understand that there will be production of some 15,000 cords—

Mr. Marler: Twelve thousand.

Mr. Brooks: —or 12,000 cords of pulpwood. Would that be yearly?

Mr. Marler: That is the expectation.

Mr. Brooks: That is the expectation yearly. This is a part of New Brunswick that we have heard a great deal about lately on account of the great mineral wealth that is being found. It is really part of the Bathurst area, I might say. We heard of the Bathurst area first. This Heath Steele Mines Company Limited has been working quietly in the interior of this section of New Brunswick. From the reports of our provincial lands and mines department I understand they have discovered rich base metal ores there containing lead, copper and zinc. I believe there is some silver as well.

The railroad itself is perhaps not to be compared with the railroads that have been built in other parts of Canada. I think we might say that it is a very modest line of railway. It is only 22 miles long. It will be

built for $2,800,000. For instance, we cannot compare it with the line which was built to Knob Lake, or we cannot compare it with the line that was built to Lynn Lake a few years ago. I remember the resolutions that came before the house with respect to those railways and the bills that made possible their building. It cannot be compared perhaps with the Chibougamau railway that is being built in the lake St. John and Chibougamau area. Nevertheless, the fact that this railroad is being built into mines in the centre of the province of New Brunswick gives us a certain thrill and a certain feeling that we are in the same category as are some of these other places I have mentioned.

We realize what those other lines have meant for other parts of this Dominion of Canada. We all realize what they have meant to the people in the way of employment. We realize the great wealth they have brought to those sections. We realize that they have meant the growth of the population of those sections. I am thinking of such towns as Seven Islands. Just the other day I was told that the town of Seven Islands had increased in population from 800 to 8,000. We are also told that in the Chibougamau area there is a large city in the process of development. One does not know just what the final results may be in matters of this kind.

I think I should express the hope that this railroad will not be used just as an agency for the siphoning off of the raw materials of that part of our province. Mind you, we are not objecting to the shipment of some raw materials. However, we in the province of New Brunswick hope that it will not be only a matter of producing raw materials in the mines, putting them on the railroad cars and shipping them, as the minister said a few moments ago, either to Saint John or to—

Mr. Marler: Halifax.

Mr. Brooks: —Halifax or perhaps to Bathurst or Newcastle for shipment overseas. At the present time we are shipping concentrates of ore through the town of Bathurst. Just the other day I read that in the harbour at Bathurst there were over a quarter of a million tons of concentrates waiting for shipment overseas. What we hope is that besides producing the ore the time may come, and that it may not be far distant, when these concentrates or these ores will be processed by smelters in our own province.

There is a great need for smelters in eastern Canada. I have been reading reports from Quebec to the effect that Quebec hopes to have a smelter for the iron ore in its own province. That has reference to the great quantity of iron ore that is being carried down from Knob Lake to Seven Islands and shipped from there down to the United States. Speaking in general, I think if the iron ore in Labrador were to be smelted in this country—either in Quebec or in the maritime provinces—it would mean much more to the people of this country. We in New Brunswick are therefore hoping that with respect to this rich ore we have, it will not be just a case of producing it and shipping it on this new railroad that is being built in New Brunswick and, as I said a moment ago, sending it out of the country for most of the work to be done by people in other parts of the world, either in Europe or in the United States.

There has been a good deal of newspaper comment lately on this mineral development in New Brunswick. I should just like to quote from the *Telegraph-Journal* of April 21, just a few days ago, with regard to the further development of this area. This article reads in part as follows:

> One of the problems still to be overcome—

This is speaking of the problems in New Brunswick.

> —is the development of hydro power to sustain all operations and eventually operate a big smelting plant. This proposed smelting plant, one of Premier Flemming's favourite subjects, will cost an estimated $30 million. Until this is built, ore will be shipped mainly to European smelters.
>
> Some officials are hopeful that sulphur mines may be developed in the ore-streaked territory when base metals of lesser value would be a by-product. Some of the ores contain up to 40 per cent sulphur.

I was also pleased, Mr. Chairman, to note an article which appeared in the *Ensign* of Montreal on March 24, in which it reviews the outlook for the different provinces for the next 25 years. The article was written by William J. Dewan. In speaking of New Brunswick he had this to say:

> No longer content to remain "one of the weakest links in the Canadian confederation", and sick of being treated by the rest of Canada "as if we were complaining poor relations or querulous beggars", New Brunswick looks for a much happier second half of the twentieth century.
>
> Recent discoveries of large deposits of base metal ores within the province are the major factor in the new outlook.

He mentions the great recent discoveries of minerals in the northern part of New Brunswick, but the important part of the article reads as follows:

> New Brunswick fails to see why, within the framework of confederation, a formula cannot be evolved to permit the initiative and industry of any group, aided by a broad and equitable policy of the central authority, to produce a well-balanced economy across Canada for the betterment of the whole nation;

We are very grateful to the *Ensign* for that statement. I think it applies very aptly

to the hopes and aspirations of the people of New Brunswick at the present time. A few weeks ago the *Financial Times* also spoke about the situation in the maritime provinces and in New Brunswick in particular. It said:

> Mining developments are, however, not just confined to one area. The possibility of mining is spreading far and wide, and this hints at least at the possibility, which shortsightedness may yet ignore, that mining throughout New Brunswick could be expanded into full metallurgical and chemical industries with results similar to those obtained in western Canada from oil and gas.
>
> Given the necessary hydro power, or where fossil fuels are cheaply available of steam power, the pulp, paper, mineral and allied industries are capable of a fairly extensive growth, with growth in population, purchasing power, improved farming, etc., leading to the expansion of consumer goods industries similar to the rest of the country.

Those articles express very well, Mr. Chairman, as I say, the aspirations of the people of our province, and they are brought to mind very forcibly by the introduction of this resolution this afternoon for the building of a railway into the mines of this particular area. I am sure there will be no objection to this resolution from other parts of Canada. I am satisfied that every hon. member is pleased indeed to see that the railroad is to be built. They hope, I am sure, as I do, that it will be of great benefit to the people of our province.

I do not want to be considered one of those —and there are very few in this country— who are objecting to United States capital, as they say, coming into New Brunswick. It is United States capital that owns this mine in New Brunswick to which this railroad is being built, but most of us have no delusions or illusions as far as United States capital is concerned. We know that it comes into this country not for its health or for the health of the people who invest it here. The people who own it are here to get all they can out of the moneys they spend.

Instead of complaining about United States capital coming in, we wish to have more such capital, but we would like to see the American capital smelt and process those minerals in our country. May I use this as an illustration. We can take the Labrador ore again. United States capital owns the mines, owns the railroad, owns the ships and owns the mills in their own country to which the raw material is being shipped. In my opinion that is not a state of affairs which is going to build up this country.

I do not apologize for emphasizing this fact again. I do hope that in New Brunswick and in other parts of Canada where we have American capital and our people provide the labour to produce the raw material, we shall also have American capital or some other capital that will build mills and process the raw material here in Canada.

I do not think it necessary for me to say any more this afternoon, Mr. Chairman. We are very pleased indeed that this resolution has been introduced, and we shall be very pleased when the railroad is built, as we hope it will be.

Mr. McWilliam: Mr. Chairman, this resolution deals with proposed legislation for the construction of a Canadian National Railways branch line from Bartibog to the Tomogonops river through the constituencies of Northumberland-Miramichi and Gloucester in the province of New Brunswick.

The subject matter of this resolution is of great importance to the people of Northumberland county, to the north shore area and to the province of New Brunswick as a whole. As we are all aware, base metal and other discoveries will soon come into production in this area, and facilities to move the deposits to a central point are vitally needed. It is judged that until a decision is reached as to the construction of a smelter the deposits from the Little River area will be brought to the deep water shipping terminals on the Miramichi river.

The Heath Steele Mines Limited, a subsidiary of the American Metals Company, are almost in operation at Little River. At the present time they are developing a mine at the site of the discoveries. It is expected that this mine will soon be in production, and the subsequent shipping of the concentrates will follow. In my opinion the construction of this branch line is only a start in the providing of rail facilities for this area. It appears that, based on explorations and the results of drilling, further production will be undertaken by other mining companies in this area, which will necessitate an extension or off-shoot of this proposed branch line. I trust, Mr. Chairman, that this resolution will be given favourable consideration and that a bill based on the resolution will soon be presented and will receive the approval of this house at the very earliest date. I wish to express the thanks of the people of Northumberland-Miramichi to the government for presenting this measure and the manner in which they are expediting it.

If it is in order, Mr. Chairman, I should like to ask the minister two or three questions. I want to stay within the scope of this resolution, much as I am tempted to follow my good friend the hon. member for Royal, and probably bring out some of the history of New Brunswick in regard to our mineral resources and our other resources in the province, and the exportation of the same

from New Brunswick. Will tenders be called for the construction of this branch line? Will this project be commenced at an early date after the necessary authorization is granted by this parliament? Can the minister advise as to the approximate time that will be required to construct this line?

Again I wish to say very briefly but nevertheless sincerely that the people of the constituency which I represent and the people of all parts of New Brunswick are pleased that we are making some advances in the mining field. It is going to mean a great deal to the economy of the province. I trust they will be able to increase their industrial and mining output. We look for good things from this mining area, and we feel grateful that the government has seen fit to assist by providing a mode of transportation for this development.

Mr. Nicholson: Mr. Chairman, I too, am very glad to support this resolution which the minister has brought forward. During the first quarter of this century nearly every parliament spent some time in a discussion of the construction of branch lines, but unfortunately during the past 30 years very few branch lines have been constructed.

I am sure it is a matter of a good deal of satisfaction to all hon. members to find that important developments are taking place in different parts of Canada. I am convinced that people in all provinces are glad to know that New Brunswick has this new important industrial development, and the construction of this branch line is merely an indication of the importance of this industry to the area.

I was hoping that the minister might have been able to include in this resolution some reference to a branch line in Manitoba from Mafeking across to Durban. I understand a proposal is being considered to move materials on the Canadian National Railways to Regina in connection with the establishing of a cement industry. I wonder if the minister could make some comment on that when he is answering questions.

Mr. Drew: Mr. Chairman, I wish to say a few words in connection with this resolution, because it seems to me that this involves more than the construction of the railway itself. Inherent in the motion now before us is a recognition of the brightening picture in New Brunswick and the Atlantic provinces. There is also the fact that this resolution in itself gives an opportunity to express the sentiments of hon. members of this house in regard to the obligation that rests upon the government of Canada and the people of Canada generally to do everything they can to assist the economic and industrial development of the Atlantic provinces.

In this case, as has already been pointed out, the railway is not long. By Canadian standards it is a very short line, 22 miles. It is an important railway, however, for the people of the province of New Brunswick and particularly for those living in the area which this railway will serve. I should think that in addition to its practical importance in assisting in the movement of ores and other raw material from the area it will serve, there is the encouragement it will give to others in that province and elsewhere to seek new opportunities for expanding the economic and industrial as well as maritime activities of that great province.

One of the things I wish to make very clear is that so far as I am aware no responsible Canadian has suggested at any time that we do not welcome investment from the United States. There are those who have been seeking to build up a straw man in order to knock him over. There are others who have sought to interpret a sound and legitimate argument in regard to an emphasis on Canadian development as evidence of a desire that funds should not come into this country from the United States. That is a known fiction. Only yesterday a prominent Canadian made a speech—

Mr. Lesage: Mr. Chairman, on a point of order—

Mr. Drew: I am glad the minister has his crystal ball, because I have not even started the sentence.

Mr. Lesage: Mr. Chairman, the point of order is to the effect that the Leader of the Opposition is now discussing the broad issue of United States investment in Canada on a resolution which is very specific.

This is a resolution which says:

> ...it is expedient to introduce a measure to authorize and to provide for the construction by the Canadian National Railway Company—

—of a branch line in New Brunswick. I do not see how the Leader of the Opposition can be in order when he discusses the broad subject of United States investment in Canada on such a resolution.

Mr. Drew: Mr. Chairman, I am not concerned with the fact that the minister cannot see it. What I am concerned about is the fact that this is entirely in order. Quite properly there has already been discussion of the fact that funds from the United States have been responsible for creating the need for this branch line. I am pointing out that this is one of the natural advantages which flow from investment of that kind, and I am relating my comments directly to what has already

been said and permitted. I am relating my remarks directly to the broad subject of the co-ordination with investment of development of this kind and it is on that basis I am making these remarks.

Mr. Lesage: Mr. Chairman,—

Mr. Drew: Mr. Chairman, a question has been raised and unless you state that this is not in order I intend to proceed without interruption from the minister, who would be better in his seat.

Mr. Lesage: In speaking to the point of order, Mr. Chairman, it seems to me that I can ask the Chair for a decision. The Leader of the Opposition has just admitted that he intends to discuss the broad subject of United States investment in Canada and I believe, sir, that this is out of order. I respectfully submit that this is out of order.

The Deputy Chairman: In my short experience with other railway branch line bills that we have had before this house there has been considerable discussion of the financial and other arrangements which preceded the necessity for the construction of a branch line. I do not think one can rule out of order the circumstances which make it necessary for the government to bring in a bill providing for the construction of a branch line.

On the other side of the question, there is a responsibility on the Chair to intervene at that time when the discussion goes beyond what the chairman of the moment regards as a fair discussion of the situation leading to the necessity of introducing the bill.

It is my intention to permit the Leader of the Opposition to proceed, but I know he will agree with me when I say that his remarks dealing with the financial and other matters preceding the necessity for this bill must, of course, be related to the circumstances which lead to the bringing in of the bill, and should not go beyond that.

Mr. Drew: I would, of course, agree with that, Mr. Chairman, and I would emphasize that point. What I am seeking to do at the moment is to indicate that one of the reasons this legislation should be welcome is the fact that what we now have before us is the natural result of the interplay of financial and material forces to the advantage of a part of Canada which is entitled to every consideration as one of those provinces which originally came into confederation with the expectation that their advancement would be a primary concern of the government of Canada.

I was referring to certain remarks that were made yesterday by a prominent Canadian during which the emotional statement was made that someone, presumably from the United States, had said to him that if their money was not wanted they could give it back. I doubt very much if there is a single hon. member of this house who believes that any such statement was made. It was just an illustration used by the prominent Canadian in question with a certain recklessness that is characteristic of him. But in any event that statement has no relationship to the problem—

Mr. Lesage: To New Brunswick.

Mr. Drew: That statement has no relationship to the need for the development of resources in this country. I point out that it simply indicates the emotional background of some of the statements that are made and possibly the emotional background of some of the interruptions now being made by the Minister of Northern Affairs and National Resources.

Mr. Lesage: Mr. Chairman, on a point of order—and this is not an emotional point of order—I believe the last remarks of the Leader of the Opposition have proved that my point of order is well taken.

Mr. Drew: I shall be very happy if the minister gets the comfort of the self-satisfaction he has been able to establish, but I am quite sure that he is no nearer to a point of order than he was in the first instance.

What has happened here should encourage those in other parts of New Brunswick, of Nova Scotia, of Prince Edward Island and of Newfoundland to seek financial support for the development of their resources of all kinds which will produce positive results similar to those embraced in the motion now before us. I am sure it is appropriate that on this occasion I should mention the fact that the Atlantic provinces are being very well served at this time by a comparatively new organization known as the Atlantic provinces economic council. I understand that the name chosen by this council draws a distinction which has been established in the minds of the provinces on the Atlantic between the three provinces historically known as the maritime provinces and the province of Newfoundland which has joined us as part of Canada in more recent years.

The Atlantic provinces economic council has as its stated purpose three main functions: first, to undertake a survey of the factors affecting the economic development of the region; second, to develop united action on matters of common concern; and third, to co-ordinate the efforts of all those interested in the welfare, economic and social, of the Atlantic provinces. I mention these objectives because they are objectives to which

I believe every hon. member of this house will subscribe. When the original maritime provinces joined Canada they did so with the knowledge that they would suffer certain disadvantages which would result from that wider association.

Mr. Murphy (Westmorland): I thought Canada joined them.

Mr. Drew: Shall we say that they also agreed to establish Canada as one united nation.

Mr. Murphy (Westmorland): That is right.

Mr. Drew: They did that on the assurance that from the point of view of transportation and economic development there would be a full continuing of the combined nation which would emerge from this association of the provinces. May I assure the hon. member who made the comment about Upper Canada joining the maritime provinces that there need be no argument as to which joined which. All the provinces played their part in bringing this about. The reference I was making to joining Canada was to the historical fact that there was some delay on the part of the maritime provinces in joining because of the insistence on certain support being given to the development of the provinces, which was the essential consideration in that historic association.

I mention that only to emphasize the fact that those of us who represent other parts of Canada, and primarily the government of Canada from time to time as the administrative body associated with the parliament of Canada in its activities, have a very special obligation to recognize the needs and aspirations of the maritime provinces and Newfoundland in the building of their own economies. These remarks apply to Newfoundland as well as to the three original maritime provinces, because Newfoundland has come into this partnership with wide and sweeping assurances. I read the three stated functions of the Atlantic provinces economic council only to emphasize my own belief that we should welcome the opportunity on this occasion, when approval is being given to the building of a line which will help to develop a particular area in New Brunswick, to indicate that we all support the principles set out by the Atlantic provinces economic council and that, so far as each of the provinces along the Atlantic coast is concerned, we recognize our own obligation to assist its economy in every way we can.

We hope that out of this initial development will come secondary developments, where the skills that can be used in employing raw materials will give profitable employment at high wages to many people in that province. There are undischarged responsibilities by the government of Canada to the province of New Brunswick, as to the other Atlantic provinces. This indicates our support of everything that will bring to effective use the raw materials that can be discovered. We do hope it will go a stage beyond this, and that also there will be encouragement of every kind for the erection of mills, the construction of industries and the expansion of employment opportunities that should go hand in hand right across the whole of Canada with the development of our own natural resources.

Mr. Blackmore: Before the measure carries, I should like to assure the minister that the Social Crediters in this house and throughout the country will be enthusiastically in support of it.

Mr. Marler: I should like to reply to two questions that were asked during the course of the discussion. The first was whether tenders would be called for the building of this branch line. I should like to say the legislation will contain the usual provision which requires that tenders shall be called.

The hon. member for Northumberland also asked whether it was intended that the work should commence at an early date and when it was expected that it would be completed. I should like to tell him that the management of Canadian National Railways is most anxious to have this legislation adopted so they may make an immediate start on the work of construction, and that it is expected the work will be completed not later than November 1, 1958.

Resolution reported and concurred in.

Mr. Marler thereupon moved for leave to introduce Bill No. 248, in respect to the construction of a line of railway in the province of New Brunswick by Canadian National Railway Company from a point at or near Bartibog in a westerly direction to the Tomogonops river in the vicinity of Little River lakes.

Motion agreed to and bill read the first time.

TRANSPORT

CONTINUATION OF AUTHORITY TO MAKE REGULATIONS AND APPOINT CONTROLLERS

Hon. George C. Marler (Minister of Transport) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the continuation for a further period of two years of authority to make regulations for the control of transport of goods in bulk including, amongst other things, the appointment of one or

more controllers and one or more deputy controllers to carry out the provisions of such regulations and the payment of their remuneration.

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

Mr. Marler: Mr. Chairman, I think that the terms of this resolution are so clear that no explanation of the purpose is really necessary. I might merely remind the committee that in 1954 parliament amended the Department of Transport Act to enable the governor in council to make regulations, and I quote the words of the statute, "for the purpose of ensuring the prompt, efficient and orderly transport of goods in bulk." This amendment, embodied in section 6A of the Department of Transport Act, expires May 31, 1956, and the sole purpose of the legislation which it is proposed to introduce following the adoption of this resolution is to extend the life of this section 6A until May 31, 1958.

Mr. Diefenbaker: As the minister has said, originally these regulations were passed in 1951 under the authority of the Emergency Powers Act. Then, in 1954 the Department of Transport Act was amended, section 6A, providing for the power to be granted to the governor in council to make regulations for the purpose of ensuring the prompt, efficient and orderly transport of goods in bulk. Amongst the powers granted was the power to appoint a transport controller and deputy controller. I realize the need for some control over freight cars being made available for the various purposes for which they are used. However, the experience of the last year, and certainly since the end of July 1955, has not been characteristic of the type of administration that should exist in connection with this very important matter.

It is not for me to enter into a controversy as to who was responsible. The Minister of Trade and Commerce on a number of occasions explained the situation that prevailed on the prairies whereby farmers found themselves unable to market even a percentage portion of the wheat that they had raised, and I should like the minister to explain the reason for that. The Minister of Trade and Commerce laid the responsibility right on the shoulders of the transport controller. If the Minister of Trade and Commerce was correct in the views and the assumption that he made in that connection, then indeed the transport controller made a colossal failure of the job he had to do. I am not here entering into a controversy at all. I point out, however, that over and over again the Minister of Trade and Commerce not only left that impression in the house but did the same thing when speaking to western farmers and to farm organizations in Edmonton and elsewhere.

When one looks over the record of this session one finds a consistent stand taken by the Minister of Trade and Commerce in laying the responsibility for the failure of western farmers to have transport available to them upon the transport controller. The first reference I find is on January 11, 1956, when I asked the Minister of Trade and Commerce what was going to be done and what were the possibilities of an early increase in the amount that might be delivered by farmers to country elevators. His answer is to be found at page 7 of *Hansard* for January 11, 1956, where he said:

> Mr. Speaker, the transport controller is of course an officer of the Department of Transport. However, the department and the wheat board have been exerting pressure on the railroads and on the transport controller to speed up the movement of wheat from the prairies.

Then again on January 19 there was a reference to the situation and to the power of the transport controller, as there was on an additional number of occasions. Who was responsible? Certainly, the position has been a serious one for the western farmer since last fall. There were some 31,000 less freight cars available for the transport of wheat on the prairies between July 31 and January 31 of this year than were available in the same period the year before.

If you look at the report of the bureau of statistics of January 11 you will see that there were 31,000 fewer grain cars available during 1955 than there were in 1954. There were also 4,900 fewer cars available for grain products. But when it came to coal, concentrates, gasoline and fuel oil, sand, gravel and crushed rock there were very material increases in the number of cars available. For iron the increase was some four times. So far as lumber, timber, plywood, newsprint and such other commodities are concerned, there were very considerable increases in the number of cars in every case, but in so far as the western wheat farmers are concerned there was an unexampled disregard of the situation in the west.

The western farmers were in the position of having a very large carry-over. On more than one occasion in June and earlier in 1955 the Minister of Trade and Commerce optimistically said: "We have got nothing to worry about." In effect he said: I can tell the farmers that they will sell every bushel they have got and will have everything moved from farm storage before the new crop year begins. Even at the present moment district after district in Saskatchewan, and

the same applies to the other prairie provinces, has not received its fair and reasonable allocation of freight cars.

I should like the minister to explain one thing. Why did the western farmers receive so little consideration with respect to the numbers of freight cars that were made available? Why was there this shortage of 31,000? I direct this specific question to the minister because if I am right in the assumption inherent in the question the responsibility certainly falls on the shoulders of the transport controller. Did the shortage result from the fact that there is more profit to be made by the railway companies in hauling these other commodities than there is in the hauling of wheat? Is that the reason so little attention was paid to the demands of the western farmers for action in making available to them the necessary cars?

I am not going to repeat the picture in detail. On February 3 I set out the details of the situation as found at page 838 and following of *Hansard*. I merely summarize what I said then in order to support the argument that I make now. Up to December 8, 1954, 67,791 freight cars were unloaded at the lakehead.

Mr. Marler: How many did the hon. member say?

Mr. Diefenbaker: 67,791. In the following year, that is, the present crop year, 45,537 had been unloaded by December 8, or 22,000 less. From then on in December and January the situation became worse until on January 10, 1956 the shortage amounted to over 30,000 cars. Indeed, western farm leaders contended that the shortage was some 36,000 cars. I know there has been some alleviation of that condition since but the fact still remains that the powers conferred upon the transport controller have not been used, and powers unused are not effective powers.

The transport control regulations made under the act are set forth in the consolidation of statutory orders and regulations for 1955. The transport controller enjoys tremendous powers. In addition, in case the work proved to be too much for him, provision was made for a deputy transport controller to exercise any or all of the powers conferred upon the controller by these regulations. The powers of the deputy were restricted only to the extent that if orders were made by the deputy they could, after review, be varied, rescinded or altered by the controller himself.

The transport controller has the power to order any person dealing with any bulk transport to transport goods in bulk, to fix minimum quotas, maximum ratios and so forth. So great are the powers conferred that, no matter what he does, as long as he acts within the powers conferred upon him there is no right of action. If any person fails to fulfil any contract or obligation because of the order of the controller, it is a good defence to an action against such a person to place before the court and prove the allegation that what was done was done pursuant to the order of the transport controller.

These are vast and uncontrolled powers, with the transport controller having the power to override a contract that has been made and, having made the order, to deny the right of any action in our courts to the person aggrieved in consequence of the breach of contract resulting from any order made by the controller. Heavy penalties are provided. There is a penalty of $5,000, and so on.

The regulations were strong, some parts of them, I believe, inexcusably strong, but nonetheless the powers were vast. The controller had powers that almost anyone would like to exercise where, no matter what he did and what contracts he interfered with, he would be acting within the ambit of his authority. I ask the minister to explain this. To what extent was the transport controller responsible for the serious shortage of cars? Was the responsibility for the failure to fill the storage at the head of the lakes and at other points across Canada, when 100 million bushels of wheat could have been stored in those facilities if cars had been available, the responsibility of the Department of Trade and Commerce or was it, as the minister indicated earlier, the responsibility of the transport controller?

The transport controller himself has said that it was not because of his failure at all. I ask the minister to let the western farmers know when he replies why it was that western farmers from October until March were able to market only a trickle of what they had—not even a trickle; the word is altogether too comprehensive—when at the same time 100 million bushels of vacant storage space were available. To what extent did the transport controller use his powers? What orders were made by him during the period from October until the first of April? Were there any derelictions on the part of those directed by the controller to supply cars and make them available for the transport of wheat?

If there were such derelictions, did any prosecutions take place within the provisions of the regulations? As far as cost is concerned of the operation of the transport controller, if I read the reports correctly the cost amounts to some $26,000 a year. What

has been done? What is being done at the present moment? It is a strange thing, Mr. Chairman, that on C.P.R. lines it is almost impossible to secure the necessary transport. Is that because wheat shipped over C.P.R. lines cannot find its way through Churchill? What is the basis today of allocation? Will the minister take up with the transport controller the equalization of local market facilities so that those places on the prairies—and they are legion—or those marketing locations will receive a reasonable and fair share; so that those areas that up to the present time have been able to market only two, three or four bushels to the acre will have their quota increased; and so that the necessary freight cars will be made available to those areas that have received the fewest freight cars up to the present time in order that a reasonable degree of equality will be assured to all marketing places?

The situation is not as bad as it was two months ago. There has been some improvement. But with the opening now of spring work and the need for cash being made available to farmers, anything that the minister can do, through the transport controller, to assure and direct a fair and reasonable allocation of freight cars in those areas will I know be appreciated by western farmers. They need cash. It begins to look as though the day of entry into the promised land which they had expected was just around the corner—namely the final distribution of the 1954-55 pool—is still being postponed. We are still hopeful. While the wheat board is thinking this matter over and making a determination on it, we are asking the Minister of Transport to increase the number of box cars available in western Canada for wheat transport purposes, thereby relieving the situation of the farmers and also assuring a larger amount of cash available in the hands of the farmers for the spring work and also to meet their debts and obligations which they have not been able to meet in the last few months because while plenty of space was available for the storage of the western farmers' wheat, that storage remained unused and too few cars were available to transport the wheat to the available storage space.

Mr. Johnson (Kindersley): Mr. Chairman, the resolution under discussion could play an important part in the life of Canadian agriculture today as it could have done in the past. Last year we had the second highest surplus of grain on record. At the present rate of disposal and with the favourable crop conditions in western Canada it is apparent that we shall have a significant carryover this crop year, one which may be as large as that experienced last year or perhaps even greater.

It is disappointing to me to note that when we have had a transport controller in operation the farmers of western Canada have been paying demurrage to ships in Vancouver harbour because the grain was not in position to fill those boats. The function of a transport controller is to guarantee that the type and quantity of grain shall be in position when it is required. It is therefore some cause for concern to western farmers when, in addition to paying demurrage on boats waiting for cargoes of grain, we find, as reported by the Minister of Trade and Commerce, that there is in the terminals of Canada space for upwards of 58 million bushels. As the cause for this 58 million bushels' space it has been stated that there was a shortage of box cars. One of the factors which is closely related to this matter of the box car shortage is again the transport controller whose responsibility it is to see that cars are in position to move the grain to the terminals and to move other products as they are required.

I asked for a return on the number of Canadian and United States box cars that were in the respective countries and I found the information most illuminating. On December 31, 1955 we find that there was a total of 23,087 Canadian cars on United States rail lines and that at that same date there were 13,539 United States box cars on Canadian rail lines. In other words, we had 9,548 more box cars in the United States than the United States had in Canada. It was at that same time—

The Deputy Chairman: Order. I am sorry to be obliged to interrupt the hon. gentleman but, it being five o'clock, the house will proceed to the consideration of private and public bills.

At five o'clock the Speaker resumed the chair.

PRIVATE BILL

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 191, respecting Canadian Pacific Railway Company and certain wholly-owned subsidiaries.—Mr. McIlraith.

INCOME TAX ACT

AMENDMENTS RESPECTING ASSESSMENTS, BOOKS AND RECORDS, ETC.

Mr. E. D. Fulton (Kamloops) moved the second reading of Bill No. 52, to amend the Income Tax Act.

He said: Mr. Speaker, it is probably too much to hope that the house would adopt the motion and carry the bill through all stages without discussion as we have just seen in the case of a private bill introduced by my friend, the hon. member for Ottawa West. Therefore, it is appropriate that I should give a few words of explanation as to the purpose of this bill and its provisions.

The purpose of the bill is to protect the taxpayer who has honestly, conscientiously and to the best of his ability reported his income and paid his tax, by relieving him from the possibility of suddenly being required to produce records and explanations of things that happened eight or nine years ago or, in some cases more—things which he has not the remotest chance of recalling clearly or explaining adequately—and thus to protect him from the situation which arises when he is required to produce those explanations and accounts over years that have passed and finds that he is unable to do so. He is then penalized by being required to pay additional taxes on a basis against which in effect he is completely unable to defend himself.

Many hon. members will have cases within their own knowledge of taxpayers being confronted with this situation as a result of demands made by income tax inspectors. I know of a considerable number of cases. The effect on the honest taxpayer of demands of this sort for information and the carrying on of investigations on a basis which the taxpayer cannot understand, the requirement of explanations which he is quite unable to give, is very damaging. It varies from extreme irritation, almost going so far in some cases as to bring into question in the minds of decent citizens whether or not our system of government and justice is after all fair. It ranges from that feeling in many cases to a result which actually has a harmful effect on the taxpayer's health. I know of cases, and I am sure other hon. members know of cases, where honest, conscientious men and women have been reduced to conditions of almost nervous breakdown. They have been completely upset. It has a very harmful effect on their health and is entirely unnecessary and unfair to the honest taxpayer.

I want to make it absolutely clear, Mr. Speaker, that I hold no brief and am putting forward no argument on behalf of the dishonest or fraudulent taxpayer who deliberately misrepresents his income and underpays his tax and thus increases the burden on the other taxpayers of the country. In drafting my bill I have attempted to the best of my ability to draft a bill which, if adopted, would protect the honest, conscientious taxpayer by protecting him against the situation I have described, but will still leave the department free to proceed vigorously and effectively against the dishonest and fraudulent taxpayer.

I want to make it clear also that I am not, either in my bill or in what I have to say here as to the demands and investigations that are being made by the income tax inspectors, attacking decent and conscientious civil servants in the performance of their duty. I recognize that when income tax inspectors make inquiries from taxpayers with respect to their returns there is apt to be a feeling of misunderstanding on the part of the taxpayer, and I shall attempt in what I shall say, not to represent those income tax inspectors who are efficient and courteous and who approach their task in a proper spirit, as being persecutors. They have a duty to perform.

My purpose is, however, to suggest and to urge legislation in such form that it will be impossible for the income tax inspector to be required to carry out a duty which imposes an unfair burden on the taxpayer and, by achieving that result, it will both protect the income tax inspector and relieve him from unfair criticism and at the same time protect the taxpayer and relieve him—this is its main purpose—from unfair demands being made on him many years after the knowledge of the situation which he is asked about has departed from his memory.

The present powers and duties of the income tax inspectors in this regard—and I am referring to the opening up of returns and assessments many years old; I am referring to instances where the taxpayer has honestly and conscientiously filed his return, received his assessment and paid his tax, and then years later the return and assessment are reopened and he is asked all these questions and placed under this inquisitorial investigation—the powers and duties of the income tax inspectors are contained in section 46 and section 126 of the act at the present time.

Section 46 of the act provides that the minister may at any time assess tax, interest or penalties and may re-open assessments at any time and re-assess at any time. If there has been fraud or misrepresentation there is no time limit whatsoever. He may re-open and re-assess six years from the date of the original assessment in any other case; that is to say in any case in which there is no fraud or misrepresentation. But the powers of investigation on which, of course, the reassessment, which is contemplated in section 46 would be based, are contained in section 126; they are not confined to cases where there is fraud or misrepresentation, and those powers of investigation contained in section 126 are not limited as to time. So the minister

may,—and of course that means the department—and in practice to my own knowledge does on frequent occasions, subject taxpayers to investigations of returns and assessments much more than six years old where there is certainly no fraud or misrepresentation. In my view, in the case of an honest and conscientious taxpayer, even six years is too long in which to place him in the position where he may suddenly have his return and his assessment re-opened and his whole personal and financial situation investigated by people with these sweeping powers of investigation.

At this time, going on for eleven years after the war, surely the department has caught up with its assessments. If it has not caught up, it should have. So it should not require six years to be certain that an assessment is actually a correct and valid one. In my view, the department should now be able to finalize an assessment within three years. My bill, accordingly, cuts down the time within which the minister can reopen an assessment and send his investigators in to investigate with these tremendous, sweeping powers, to three years from the date of the original assessment. That three-year period will be absolute. After three years there will be no power either to reopen an assessment or to carry on an investigation unless the minister or an official of his department on his behalf alleges at the time of sending out the investigator that there was fraud or misrepresentation. If the department has good reason to believe and is prepared to allege that there was fraud and misrepresentation then there should be no time limit, but only in that case do I believe there should be an unlimited period of time for reopening or investigation.

I urge most strongly that in every other case the right of reopening and investigating an assessment should expire at the end of three years; accordingly, in my bill I have provided an amendment to subsection 4 of section 46 of the act which would provide that the power of the minister to reopen and reassess is confined to three years from the date of the original assessment except in the case of fraud and misrepresentation.

My amendment goes on to provide that after the expiry of three years from the date of the original assessment the assessment shall be deemed to be final except if a taxpayer wishes to reopen it for the purpose of averaging and that once the assessment becomes final then the department shall not have the right to send its investigators out prowling around the country requiring people to answer questions about assessments and returns that are more than three years old, excepting always, as I made clear, the right of the minister and the department to reopen an assessment and make such investigations as they deem necessary, if it is alleged at that time that there was fraud or misrepresentation in the making of a return.

I have also provided another change in the bill. At the present time there is an obligation on the part of the taxpayer to keep all his records and books of account until he receives the permission of the department to destroy them.

I ask you to contemplate the situation of a farmer. This does not apply only to farmers but it so happens that farmers find it more difficult and perhaps they are less qualified to keep records and books of account than are most people engaged in business. The argument I am making applies equally to all classes of taxpayers, whatever their occupation, but it seems in my constituency it is the farmers who are subject at the present time to what I regard as a form of persecution, because no one should be required to go back over his records for the length of time which he is now liable to be required to do.

Picture the situation. These taxpayers are required to keep their books of accounts and records indefinitely. Not many people know that provision is in the act. I know that ignorance of the law is no excuse but you have to take account of a situation of the ordinary Canadian in these matters. Farmers and housewives are quite properly in the habit of cleaning out accumulations of old papers occasionally and books of accounts and records and cheque stubs are tossed into the stove and burned. Then the investigators come around eight, nine or ten years later, and demand production of these records. They have burned them without any intent or desire to hide anything. They have been burned because the taxpayer did not know he had to keep them and then the investigator says, "Ah ha, you must have destroyed these records because you knew if you kept them we would find out that your return was not correct". The taxpayer is then placed in the appalling situation wherein he is under suspicion, in his own mind at least, and I know of cases where it has been suggested to taxpayers pretty directly that their records were not available because they took care to see that they were not available because if they were available then the taxpayer would be proven to be liable to a greater tax.

My bill accordingly suggests a further change to provide that a taxpayer shall keep all his records and books of account for

six years but that after six years he is at liberty to destroy them, and if he obtains permission from the minister before the expiry of the six years he may destroy them at an earlier date.

The reason I have suggested the six-year period is of course because a six-year period is the ordinary period contained in the statute of limitations beyond which rights of action are extinguished. I fail to see why the government should have any greater right as against the taxpayer than that provided in the statute of limitations.

The final change suggested by the bill relates to section 126 of the act to which I have referred. This is the section which gives the tremendous powers of investigation. I recommend to hon. members that they read this section carefully in order to see the sweeping powers which are given to these investigators to enter one's home or place of business, or any place where you live or keep your books of account or where any one employed by you keeps books of account or any accounts on your behalf, and to audit, examine, seize, and take away such accounts and to require any additional information including the production or the production on oath of any books, accounts, vouchers, letters, telegrams and other documents and to retain them, and so on.

This section also provides that the minister, with the approval of a judge of the Exchequer Court of Canada or of a superior or county court upon *ex parte* application, may authorize any officer of the Department of National Revenue, together with such members of the Royal Canadian Mounted Police or other peace officers and such other persons as may be named therein, to enter and search, if necessary by force, any building, receptacle or place for documents, books, records, papers or things, and to seize and take away any such documents, books, records, papers or things and retain them until they are produced in any court proceedings.

This section contains the most tremendous powers of investigation, search, seizure and so on, without any limit as to time. These powers can be exercised against a taxpayer at any time the minister wishes to authorize them.

My bill suggests that the powers of investigation contained in section 126 be limited to three years from the date of the assessment unless the minister alleges there was fraud or misrepresentation in which case they will will be continued indefinitely.

After all, sir, the taxpayer has only 60 days in which to appeal against an assessment. Sixty days is all the time that is given to a taxpayer if he thinks the department is wrong. He must make up his mind within that period of time; he has 60 days from the date of the original assessment, whereas the minister now has six years. I am suggesting that this period be reduced to three years which in all conscience should surely be long enough unless the minister alleges that there was fraud or misrepresentation.

I was not exaggerating in outlining the powers of investigation given to the departmental officials and I am not exaggerating when I describe the effect upon honest taxpayers when confronted with these demands, when they are required to produce explanations which they are simply incapable of producing. No reasonable or average person could possibly produce such explanations eight, nine or ten years after the event. I can hardly describe the effect that has upon the emotions and the minds, and in many cases the health of taxpayers, to say nothing of the effect it has upon their pocketbooks simply because they cannot explain. In many cases a man's recollection has diminished and he simply cannot offer an explanation. However he is arbitrarily reassessed and required in many cases to pay substantial, sometimes almost exorbitant, sums—plus interest on what is alleged to be an underpayment dating back some five, six or more years.

Constituents in various parts of my constituency have been visited by inspectors during the past year or two. An inspector will come to a farmer and require him to produce records, in one case going back as far as 1947. Or an inspector may go to the bank and then come to the taxpayer and ask him to go over his account cheque by cheque, stub by stub. As an example, the inspector would say, "Here is a cheque for $25 for the XYZ company back in 1947, what was that for?" How on earth could a busy farmer or any other busy taxpayer be expected to remember back eight years when he had paid a certain company $25? But because he cannot produce an explanation he is liable to arbitrary reassessment. If he has deducted something as an expense and cannot now explain how it constituted an expense he is apt to have it disallowed.

Or inspectors have gone into a bank and obtained a statement of a taxpayer's account for all those years and then have required the taxpayer to produce cheques and receipts to verify the expenditures. If he cannot produce them—dating back seven or eight years—he is subject to arbitrary reassessment. All these powers are given to the government, and they should not be there, but so long as they are there they will be used. Such action produces not only a sense of unfairness on the part of

the taxpayer but inevitably the whole administration of the income tax law is brought under the most violent and justifiable criticism, by taxpayers generally.

I should like to give another example of the attitude of the department in this regard. A short while ago I received a letter from a constituent of mine enclosing a debit voucher for $1 from his bank. This taxpayer assured me that it was not the $1 that was of concern to him, and I know that while he is not a rich man he does not have to worry about one dollar. As I say, he received this debit voucher from his bank. When he inquired as to why they had debited his account for a dollar they said that that was their service charge for the income tax inspectors coming in and going through his account. He told them that he had certainly never agreed to pay that amount. He said he remembered the income tax people coming to him and asking if he minded their going over his bank account. He said he did not as he had nothing to hide, but he had certainly never told them that he would pay any dollar for the service charge. The bank said, "We did not want to charge you, we wanted to charge them but they said that the government would not accept any charges, so we had to charge the dollar to your account."

Here is a taxpayer who agreed to have an inspection made. So far as I know and so far as he knows nothing has been found to make him liable for reassessment. But whether there was or not, I contend that it is improper for the government to carry on inspection and investigation and then require the taxpayer to bear the cost. Whether the amount involved is $1 or $100 it does not matter, it is the principle that is important. This is proof of the fact that these powers are too wide and is substantiation of my argument that to exercise investigation of this kind is simply to inflict injustice on the taxpayers of Canada.

I know of other cases where men have been required to substantiate accounts going back to 1951 and 1952, matters for which they could not now give explanation. They have charged as expenses amounts that were properly chargeable against income in that year but they are unable to produce an explanation at this time. It should not take the department six years, or even more in many cases, to make up its mind as to whether the return of a taxpayer is valid and correct. I can see no reason why this period should not be reduced to three years. I am almost inclined to believe that three years is a little too long, but I want to be reasonable.

I hope that this bill will receive the approval of the government and the house. It seems to me that it is reasonable to suggest that the period be reduced to three years. I hope that the government will accept the bill and not continue to subject the taxpayer to this form of unlimited investigation into matters about which a taxpayer cannot possibly have a clear and adequate recollection. We must bear in mind that the taxpayer has only 60 days in which to appeal if he thinks the department is wrong. Surely the department could accept a limitation of three years within which to make an investigation and reassessment of the taxpayer's return when it thinks he is wrong in filing his return. So I recommend my bill to the house, not as an attempt to chisel or to diminish revenue —I do not think three years will be a hardship on the department—but simply to protect the taxpayer and bring the relationship between the taxpayer and the department and the government as a whole onto a proper and just basis.

Mr. H. O. White (Middlesex East): Mr. Speaker, quite early in the session I placed upon the order paper a resolution stating that in the opinion of this house the government should consider the advisability of amending the Income Tax Act and the regulations under the act. At that time I was informed that the resolution was too broad and that I should remove it from the order paper and substitute another which would indicate what I had in mind. The days went by that were allotted to private members' resolutions and this particular one never came before the house. I am taking advantage of this opportunity to indicate my support of the bill introduced by my colleague, the hon. member for Kamloops (Mr. Fulton).

In his presentation to the house this afternoon I think the hon. member has been more conservative and more kind in his criticism of the department than I had intended to be. Nevertheless I agree wholeheartedly with what he has said in introducing this bill. Now, I do not intend to repeat some of the criticisms the hon. member brought to the attention of the house, but at the outset. I want to say, as he did, that I hold no brief whatever for those who deliberately set out to defraud the government of this country. I want to point out also that I am not an accountant or a tax expert. I employ an accounting firm to take care of my own income tax returns. I have no personal axe to grind. My relations with the minister's department have been of the very best.

A year ago in this house I did make some remarks about the income tax department and the problems presented to those individuals who are self-employed. I realize quite well that the income tax is deducted at the source

for the man on a salary, and that is a different problem. I was amazed at the number of letters I received in response to what I said a year ago. I have three folders full of such letters and the bulk of them came from tax areas other than the London district. The bulk of these letters came from the Windsor, Kitchener and Waterloo districts. I want to say this, too, that in my opinion the vast majority of Canadian citizens, and those who are self-employed, are law abiding honest people who are trying to make an honest return. However, as the minister for Kamloops pointed out, a citizen may find himself—

Mr. McIvor: Oh, oh.

Mr. White (Middlesex East): You may laugh at the department, sir, but let me tell you that I believe in democracy and the people in my constituency will be the judges of this income tax department, and not you. The people will be the judge and I will accept their judgment one way or the other. I am not afraid of the opportunity of accepting it.

Mr. McIvor: Mr. Speaker, I rise on a question of privilege. It was only because the speaker referred to the hon. member for Kamloops as the minister for Kamloops that I laughed.

Mr. Fulton: Why laugh at that?

Mr. White (Middlesex East): Future events cast their shadows before.

Mr. Harris: A very long shadow.

Mr. White (Middlesex East): The officials of this department believe they are a law unto themselves and taxpayers have come to me with fear in their hearts about what was going to happen to them. I should like to point out to the minister that there is a widespread and growing resentment of the tactics that have been used by these officials in the past. I am warning his department that there is distinct animosity towards the officials, and a rising tide of fear and resentment. As I mentioned a year ago, a curtain of terror drops down around a taxpayer when these people move in. As I said before, I was alarmed and dismayed at the number of letters I received from Canadians all over Ontario.

This is an important subject because I noticed throughout the throne speech debate speaker after speaker mentioned one aspect or another of income taxes and income tax returns and the impact they were having on the community and people. There are also many resolutions on the order paper dealing with income taxes and this reflects the thinking of the Canadian people and their representatives. There are many sections of the act that permit varying interpretations, so that in one tax area a taxpayer may be treated differently from a taxpayer in another area. Then, as the hon. member pointed out, the department can go back for a couple of years. I have had it brought to my attention that in some cases the investigators demand payment before they leave the taxpayer's residence, and that would seem to me to be going just a little too far.

Then, what of the income tax appeal board? The general public, especially the small businessman, the individual farmer or those who are self-employed, have not had a great deal of experience with courts of law. They hesitate to have anything to do with them and would sooner pay what the income tax officials say they owe and say nothing about it. But suppose they do pay it, that is no guarantee that a year or two later these same officials will not come back and say there has been another error and the taxpayer owes another couple of hundred dollars or another couple of thousand dollars. In fact, that has happened. Where is it going to end? No one knows where it is going to end. As I say, the people have not a great deal of confidence in the appeal board.

I have before me a judgment issued by the income tax appeal board on April 6 of this year. I know the people concerned in this case because they are neighbours of mine. In fact, I advised them to take their case to the appeal board. In this particular case a girl worked for her father for ten long years in the tobacco fields. There was more or less a tacit understanding between the father and daughter that she would receive $100 each year to keep herself clothed and he would keep $700 per year for her until such time as she might ask for it. Her intention was to take the balance when she married and help start up a home. After ten years she asked her father for the balance and he paid it, but the income tax people came along and asked her for over $1,900. If she had accepted the money each year and placed it in the bank for her own use, she would not have been subject to tax but she allowed her father to be her banker and he used the money to carry on his business and produce wealth for this country.

I am just going to read one or two excerpts from this judgment which is signed by Cecil Snyder, assistant chairman of the appeal board.

> At the hearing the appellant testified that she had been employed by her father to work on his tobacco farm from 1943 to 1953, with the exception of the year 1948. It was agreed that her yearly wage should be $800. Her father gave her approximately $100 per year as "spending money" and retained the balance of her wages in trust until

she married. The appellant was married in October, 1953. In March, 1954, she asked her father to give her the balance of her wages. This sum—$8,283—was received by the appellant in March, 1954.

I continue:

The appellant's father testified that he had included the amount of wages due his daughter in the total of wages paid by him in the years in question and deducted the whole as an expense of earning his income when filing his tax returns for these years. He said that the balance of wages due his daughter was not paid to her because she wished him to retain it for her.

As I say, if she had accepted the money and put it in the bank it would not have been taxable but she let her father be the banker and consequently she lost almost $2,000.

Mr. McCann: He got the benefit of charging it up.

Mr. White (Middlesex East): He paid tax on it. He increased his earnings. He increased the value of his production on the farm and you collected tax from him twice over ten years.

Mr. Rowe: She would have no tax over ten years.

Mr. McCann: You cannot have it twice.

Mr. White (Middlesex East): Counsel for the appellant argued that the amount was the distribution of capital and should not be taxed.

I go on further.

Counsel for the minister argued that the appellant in this case was not in business and was not entitled to compute her income on an accrual basis. He asserted that, as a wage-earner, she must declare her income when received.

Mr. McCann: Read the judgment.

Mr. White (Middlesex East): Oh yes, that is all right. Cecil Snyder said that she could not file her return on an accrual basis but at the very same time she was assessed on an accrual basis. In other words, it was a cruel business. Some have said that taxpayers should go to the income tax offices and find out just how they should proceed, but that is no good. The words of members of the department are not worth the paper they are written on. In that regard I hold in my hand a copy of the *Free Press* of March 12, 1956 where it is reported that a man in company with his auditor consulted the local officials, this being his only contact with the department, and they agreed that the cash basis method for tax purposes was acceptable to them. Five years later, when the matter finally came before the board, the board said that the taxpayer was overly optimistic in his assumption that his cash method of computing income had been accepted. The joker is the word "accepted" in the act. According to the board, the term "accepted" indicates an unqualified acceptance. This man went to the income tax office with his auditor in good faith. He discussed the matter with the officials, they came to an agreement and he believed them. But five years later he finds that what they say is not worth anything because the cash basis was then not accepted.

I must hurry on because there are many things I want to say in the next fifteen minutes. The actions of the board are discouraging production, thrift and initiative. Uncertainty and fear are expressed on every hand by people in all walks of life, by every small businessman and every self-employed individual.

Agriculture is not the only industry that is affected. Many a small businessman is saying: "What is the use?" The net result is that the small businessman says: "I will do what I can myself and let the opportunity to expand go by." I know many farmers who have laid off help and are now going to do what they can themselves. The country is the poorer because of it.

The professional man finds to his sorrow that extra hours worked are wasted hours, and we are all the poorer because of it. Labour is watching the situation very closely. They plan to keep out of the higher income brackets and so we lose their production. Lawyers have advised their clients to settle, indicating that there is this curtain of fear to which I referred. Lawyers advise their clients to settle because they do not want to oppose, fight or antagonize the income tax department for fear that they will come right back at them.

Mr. Lennard: They do.

Mr. White (Middlesex East): And they do. It is a sorry state of affairs. I had another case brought to my attention of a man who was carrying on a private accounting business and died. He had a number of clients whose income tax and payroll accounts he took care of week after week, year after year. But when the accountant died all his client's accounts came under review and these taxpayers had no one to fight their battles. They were at a loss. They did not know where they were at. I know of one case where a widow was asked for $9,000. I went to visit the home and I could see that they were in far from good circumstances. The home was very plainly furnished. The woman had been very careful but she said that sooner than fight she was going to pay the amount. That is another thing that happened.

Many of these people are honest, God-fearing people. It is the first time in their

lives they have ever been accused of any crime. They have not even been charged with careless driving or anything else before. To be accused of not paying their proper taxes casts a reflection on these good citizens and sooner than say anything they pay and think they are through with the matter but they are not finished with it. No one ever gets a clearance. They have not got a receipt to show they have paid. I maintain that the hon. member for Kamloops (Mr. Fulton) was far too reasonable when he suggested three years. I maintain that if the government are one-tenth as smart as they would like people to believe they are, surely they can straighten up in a year the accounts of individual taxpayers with annual incomes of $10,000 or less. It is just as easy as that. As the hon. member for Kamloops pointed out, there is a procedure whereby the department can charge fraud if there have been attempts to defraud and recover from the taxpayers.

Many groups and individuals endorsed what I had to say along this line last year. Probably the minister and the house would like to know who some of the organizations are. The stand I took has been endorsed by the Middlesex county council and by the counties of Elgin, Huron, Perth, Lanark, Grey, Haliburton, Bruce, Lincoln, Waterloo, Brant, Haldimand, Halton and Lambton. All these counties have endorsed my stand and I was not aware of it until it was brought to my attention about three weeks before the present session began. I did not solicit their support. I did not even know they were interested until it was brought to my attention. Copies of the resolution were forwarded to the county of Middlesex by the Middlesex county federation of agriculture, the Ontario farmers' union, several branches of the women's institute including the women's institute of southwestern Ontario at their meeting in Leamington and the Malden women's institute of Essex South, the Canadian Chamber of Commerce, the chambers of commerce of many Canadian cities and the Arthur farmers' union. There are many service clubs which take no part in politics—it is part of their creed, shall I say, to stay out of partisan politics—that are in favour of it also but they do not want to go on record or to be known as being in favour of it. They do not want it to be construed that they are politically biased one way or another.

Mr. McCann: What was the resolution?

Mr. White (Middlesex East): That all these incomes of $10,000 and less be processed and that a final receipt be given within 12 months from April 30 in the year in which the returns were filed. The Arthur farmers' union demands that returns be cleared within two years of filing and at that time be cleared finally except in cases of fraud. I again warn the minister of the rising tide of resentment against him and his department. Any answer to the contrary is more or less an admission of inefficiency. If they say they cannot do it in this time, let me point out that there are many things they can do. They can get ready for an election in a few days and they can get the returns in in much less time than that.

I want to bring to the attention of the minister—I think I will come to it later anyway—what Eaton's and Simpsons are able to do in their mail order department. I believe some 50,000 orders a day come in and that most of them are processed within 20 minutes from the time they arrive and are on their way within 24 hours.

Mr. Harris: They have more employees than the minister has.

Mr. Rowe: I doubt that they have.

Mr. Lennard: Don't say that.

Mr. White (Middlesex East): Even if they had twice as many employees, look at the length of time you have.

Mr. Lennard: Five years, ten years, fifteen years.

Mr. White (Middlesex East): The income tax department may make mistakes with impunity but not so the taxpayer. He is branded a crook and he is penalized at compound interest. In some cases, years go by before the taxpayer knows a thing about the matter and then the department comes along and says that he owes them so much; maybe it is $100 but with the interest on it over the years and the penalty, it amounts to more than the original error. If the taxpayer knew of it in time, he could have reviewed the matter and he could have paid the amount. But as the hon. member for Kamloops (Mr. Fulton) has pointed out, no one knows where he is at.

Mr. Lennard: You mean in the tax office.

Mr. White (Middlesex East): Then we come to the question of estates. I am going to use a rather harsh word. In some of these cases I have advised the taxpayer to appeal the case and to go to the appeal board. Then two or three months later some of the officials have come along and said, "There is an error in this computation and so the tax is not $600 but it is $200". Rather than go to the appeal board the taxpayers settle. The taxpayer is in this bad fix. He has not obtained settlement. He just thinks he has. The department can come back a year later or ten years later or they can come back when the

taxpayer dies and say to his heirs that they owe any amount. What do they know about it? I am going to say this. They not only steal from the living; they rob the dead. I know of two cases in which I advised the parties to take their case to the appeal board. An official of the minister's department in each case came to the taxpayer and apologized and said, "The whole thing is a mistake. Burn up the letters and we will forget the whole thing". The sorry part of the thing is that they burned the letters. Now they have not any proof and they can get caught again. The situation is getting nearly to the point where departmental practice is a refined type of blackmail and there are no flaws in it or no errors.

There are other countries which are also looking into this problem of income tax assessment. I refer to the Tucker commission in the United Kingdom and the ways and means committee of the House of Representatives in the United States of America. As I failed to mention, this also has been recommended by the Canadian Federation of Agriculture, the Canadian Medical Association and the Canadian Dental Association. They all approve the recommendation that profit-sharing plans should not be taxed until the beneficiary actually receives the cash. This reflects probably on the case I quoted earlier. In some cases a man could be taxed and yet never receive the benefits on which he was supposedly taxed.

While I am mentioning this matter, I should like to point out that there is another inconsistency in the act with regard to the depreciation of farm buildings. Suppose a son inherits a farm property with buildings from his father. The son may claim depreciation at fair market value. On the other hand, suppose there are a number of boys in the family, for instance, and the farmer is not in good circumstances. Suppose the son buys the farm, and it is a bona fide sale. If the son buys the farm from the father, then he cannot claim depreciation. That seems to be a rather unfair ruling, but that is the situation. Had the son purchased a similar farm from a neighbour—someone not his father—he would be allowed depreciation at fair market value. The regulation is extremely unfair.

Mr. Knowles: Six o'clock.

Mr. White (Middlesex East): I realize that it is six o'clock. Joking aside, I will say that the income tax is probably the fairest method of collecting taxes because those who are most able to pay are the ones from whom taxes are taken. But the way in which it is done at the present time is extremely unsatisfactory.

Mr. Deputy Speaker: Order. Does the hon. member wish to move the adjournment of the debate?

Mr. White (Middlesex East): I so move.

On motion of Mr. White (Middlesex East) the debate was adjourned.

TRANSPORT

CONTINUATION OF AUTHORITY TO MAKE REGULATIONS AND APPOINT CONTROLLERS

The house resumed consideration in committee of the following resolution—Mr. Marler—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to provide for the continuation for a further period of two years of authority to make regulations for the control of transport of goods in bulk including, amongst other things, the appointment of one or more controllers and one or more deputy controllers to carry out the provisions of such regulations and the payment of their remuneration.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Johnson (Kindersley): Mr. Chairman, just before five o'clock I was outlining the necessity for the function of a transport controller at a time when we are once again being confronted with a very great surplus of all grains. At a time when it has been stated to me by elevator agents that it is more difficult to get cars than it was during the most severe restrictions during the war it is particularly important that we have an administrative body to look after the distribution of our box cars. I pointed out the conditions which existed in the early part of this year when the Canadian wheat board was forced to pay demurrage on ships waiting for cargoes in Vancouver harbour because of the failure to get adequate quantities of grain in position at the time when ships were in port. This demurrage, of course, is absorbed by the farmers who are selling their grain to the Canadian wheat board and therefore they are directly incurring the charge. I pointed out, too, that in January of this year 58 million bushels of space was reported in the terminals of Canada because of the failure of the railways or the powers that be to spot the necessary box cars to take this quantity of grain from the fields of western Canada.

This spring we have seen the tragic spectacle of piles of wheat being flooded, of farmers desperately trying to get through the snow to recover the grain which they

left in the fields last fall in the hope that they might be able to get it moved during the winter months.

The whole problem of the distribution and allocation of box cars seems to be a contentious one because in the early part of this year, in fact, on February 17, a series of questions were asked and the Minister of Trade and Commerce stated that he was not responsible for filling the unused capacity; that, of course, was the task of the Minister of Transport through his transport controller, and the Minister of Transport said that the amount of space in our elevators is not a matter that comes under the jurisdiction of the Minister of Transport. There we had a classic example of the Minister of Trade and Commerce telling the Minister of Transport that it was his task to fill the elevators, and the Minister of Transport saying at the same time, it is no concern of mine whether the elevators are filled or not, my job is just to move the grain. It all becomes very tragic when the minister, within the light of the statement he made to the Alberta wheat pool of December of last year, indicated that there were 100 million bushels of space in the terminals because we were told there was a shortage of box cars.

It was indicated by the return that I referred to just before five o'clock that one of the reasons for the shortage of box cars was that there were 10,000 more Canadian box cars on the United States rail lines than there were United States box cars on Canadian rail lines. I was informed by elevator agents who were in a position to know that they were not being granted authority to load grain into United States box cars which happened to have been spotted at their marketing points. In September of last year I was informed by a reliable source that there was a priority given for box cars out of the western division. The first priority was for lumber. After the railways had fulfilled that commitment of 100 per day they were to use all of their unfits, make them up out of fits to 100 for coal, of all things, in September; then priority on mill orders, Churchill orders and so on down the line. It is a very disappointing spectacle for the farmer in the western part of Canada to see trainload after trainload of empties going through to handle the lumber which, of course, is an important part of our Canadian economy. But at that particular time of the year it was important that we take as much grain as we could from the farms and fill up the terminals so that we would not have 100 million bushels of empty space in those terminals. Of course, Mr. Chairman, that is one of the features which has contributed to the disproportionate number of box cars which are in the United States, because the big 40, the big 2,000-bushel cars, are the ones that are filled with lumber and taken down to the United States and shuffled around on the United States rail lines, sometimes staying down there for 100 to 190 days before they are returned; whereas if the priority had been given to the shipment of grain at that time I do not think the situation would have been as critical.

We have been very fortunate this year that the Minister of Trade and Commerce has not made the same prediction that he did last year. The committee will recall statements made by the minister, in his perpetual optimism, that we would be sweeping out the bottom of the bin. He modified that by stating that we would have at least an 8-bushel quota. This statement was made by the minister in the middle of July last year. The minister is concerned with other matters at the moment; but that has not stopped the making of silly predictions because we find that his colleague, the Minister of Agriculture, has taken over where he left off. I noticed this afternoon in the *Star-Phoenix*, of Saturday, April 7, the following:

> Medicine Hat, Alberta. Agriculture Minister Gardiner said Friday night more orders for Canadian wheat have come "in the last few days than ever before" and the grain glut situation will be cleared up "right away".

Farther along the article reads:

> "This crop year will see us taking more cash from our farms than ever before—even if we do not grow any wheat this year".

That, Mr. Chairman, points up one of the terrific jobs that the transport controller is confronted with if he is hoping to make the prediction of the Minister of Agriculture come anywhere near realization. While I am discussing this I think I should caution the minister about making over-optimistic statements because I feel the statement made by the Minister of Trade and Commerce last year that everything was rosy did a lot to induce people to spend the available funds they had without having a view of the critical situation that would develop in the fall when there was a complete cash shortage. I do not think the Minister of Agriculture is adding anything to the economy of agriculture by making it more difficult for the transport controller.

The Regina *Leader-Post* noticed this statement and in an editorial on April 17 said:

> The west will believe these encouraging predictions when the record of actual shipments is down in black and white.
>
> Those in charge of the grain movement have a twofold responsibility, to get the grain to the lakehead and other export ports, and to draw it from the prairies in such a way that farm marketing opportunities are as equitable as possible.

This is one time when I can agree with the editorial in the Regina *Leader-Post*. My

advice is to wait and see before we can believe these predictions which have been made. This is particularly true on the basis of the record as it exists at the moment.

The deliveries of grain from the farms up until April 4 are 156·3 million bushels less than the 10-year average, and the deliveries of grain from the farms standing at 255·6 are nearly 50 million bushels less than last year. This points out the incredible task with which we are being faced, because at one time, in January of this year, the carloadings were 36,453 behind the total for the same period a year ago. In spite of the very difficult conditions which prevailed for the railways, with the very harsh winter which we have been subjected to, by the end of March we still find that they were 18,786 behind the same period of last year. Therefore, we can readily see that the task confronting the person in charge of these administrative problems is a grave one.

It is even more serious, Mr. Chairman, when another factor is taken into consideration. One of the duties of the transport controller is to equalize quotas in so far as possible within the operation of the Canadian wheat board. But what do we find as of April 4? We find that in Saskatchewan over half of the 1,107 points are on a 2-bushel quota or less. As of April 4 there were 685 marketing points which had a specified quota of two bushels to the acre or less. We find that in Manitoba there were 86 out of 387 marketing points operating on a 5-bushel quota, perhaps taking advantage of the blunder that was made earlier, taking advantage of the short haul from Manitoba so the terminals could be filled and the boats that are coming in now could have a cargo available.

By taking advantage of this blunder in that way they have certainly given no consideration to the principle of equality because out of 1,107 marketing points in Saskatchewan there are only 26 on a 5-bushel quota. The total for all the marketing points in western Canada indicates that slightly less than one-half are on a 2-bushel quota or less. Out of a total of 2,080 marketing points, 986 are on a one or a 2-bushel quota.

One of the accepted responsibilities of the transport controller is to ensure an equitable apportionment of box cars between the railway divisions. You can readily visualize how difficult it is when a farmer at one marketing point who has a 1-bushel quota sees that at perhaps the next point or at one on another line within 15 or 20 miles the farmers are operating on a 5-bushel quota. Certainly they cannot say it is on the basis of the type or kind of grain they have because the variations in grain do not shift within a radius of 15 or 20 miles.

We find, as was mentioned by the hon. member for Prince Albert, that invariably the Canadian Pacific line is more reluctant to supply box cars than is the Canadian National line. There are areas where the farmers have gone three or even four months without receiving a single box car at a marketing point.

This is a function of the transport controller because individual cases are taken up with him. In his own words, as recorded at page 239 of the proceedings of the standing committee on agriculture and colonization, when asked this question, he said:

> . . . I call it to the attention of the railway and say, "I think you are neglecting such and such a station; you should put some cars in there", the cars are placed and that is the end of it.

The transport controller has as one of his important functions the duty of equitably distributing box cars to the marketing points and on the basis of the evidence I have given I would hazard saying that he is a complete failure because there is no equity and no justice in the marketing points as they are indicated in the April 4 *Wheat Review*. The transport controller could play a very important role if his duties were looked upon as a full-time job. Unfortunately the resolution before us which sets up the continuation of his duties for another two-year period does not consider the fact that the present transport controller is in a way on loan from the board of grain commissioners.

When Mr. Milner was before the committee on agriculture and colonization last year I asked him the following question, as recorded on page 238 of the proceedings of that committee:

> Mr. Johnson (Kindersley): You feel it is not handicapping you as a member of the board of grain commissioners to be transport controller at the same time?
>
> Mr. Milner: To the extent that I could be putting more time in on the board of grain commissioners when I am doing transport control work, yes; that must be obvious, but if you are suggesting that the work on the board of grain commissioners is being neglected on account of the fact that I am transport controller, I say no.

So the answer you get just depends on which question you ask. In this case Mr. Milner was assuring us that his responsibilities as a member of the board of grain commissioners were not being neglected because he was serving as transport controller but by the same token he has admitted that he is neglecting his duties as transport controller.

In that same series of questions, Mr. Chairman, it was pointed out the difficulties that

farmers are having in western Canada, spearheaded by their own elevator company, the Saskatchewan pool, in encouraging the government to introduce a system whereby they would be allowed the privilege of delivering grain to the elevator of their own choice.

In the course of the debate in the committee it was pointed out that that would be a fairly comprehensive job if it were assumed by the transport controller. At one point in the questioning relating to that same task, I asked Mr. Milner this question, as recorded at page 243 of the committee proceedings:

> I understand you keep a very close liaison with the Canadian wheat board. I do not see why, if a separate individual were transport controller, this same close liaison could not be held with the board of grain commissioners. Perhaps he could be allotted these duties, these functions, and as Mr. Studer pointed out, that closer checking on individual points could be carried out by him. Is that feasible?
>
> Mr. Milner: I am not going to give a snap answer to a question which is as involved as that. I do think to the extent that you increased your checking on matters of that kind, naturally the effect would likely be beneficial.
>
> Mr. Johnson (Kindersley): It might be desirable for you to have additional staff?
>
> Mr. Milner: No.

Mr. Milner has stated that although it is a part-time job and he receives no salary from the Department of Transport, but only as a member of the board of grain commissioners, he has sufficient time to handle the numerous duties which confront him as transport controller in trying to cope with a record crop in western Canada. The resolution which is before us outlines the fact that there can be the appointment of one or more controllers and one or more deputy controllers to carry out the provisions of such regulations, and provision is made for the payment of their remuneration. I therefore see no reason why the duties of the transport controller could not be enlarged to include those granted him by statute so that the powers could be taken in to provide this service to the farmers of western Canada through the equitable allocation of box cars, and consideration could be given to the principle of delivering grain to the elevator of their choice.

I was rather disturbed at the fact that there did not seem to be anyone here to do Mr. Milner's job in his absence. It seems to me that as a member of the board of grain commissioners he is quite busy in the summer months and he therefore takes his vacation, to which he is fully entitled, in the winter months. I therefore put a question on the order paper in which I asked who assumed the responsibility of the transport controller during his absence. I was thinking about the month of January in particular when we have a variation of from 50 to 100 million bushels of available space in the elevators.

The first question I asked reads as follows:

> 1. Who is the deputy transport controller?

The second, third and fourth questions were as follows:

> 2. When was he or she appointed?
>
> 3. Under what authority was the appointment made and who made the appointment?
>
> 4. What is the salary of the deputy transport controller?

The first, second and third questions were answered simultaneously as follows:

> 1, 2, and 3. No deputy transport controller has been appointed since the resignation of the former deputy transport controller was accepted on July 2, 1953. Mr. Frank T. Rowan has been performing the duties of deputy transport controller since August 1, 1953.

It does not answer question No. 3 which reads:

> Under what authority was the appointment made and who made the appointment?

I presume the minister will be able to give me that information during the course of the discussion on this resolution. The answer to No. 4 was as follows:

> Mr. Rowan receives no salary for his work in connection with transport control but is remunerated as an official of the Canadian wheat board.

It is apparent that the Minister of Transport is reluctant to spend any money. The department tries to get someone to fill these part-time jobs as they can find them. That answer rather conflicts with the answer the hon. member for Assiniboia received in the agriculture and colonization committee, and I quote from page 239 of the proceedings as follows:

> Mr. Argue: How many full-time employees operate under this act?
>
> Mr. Milner: How many full-time employees?
>
> Mr. Argue: Yes.
>
> Mr. Milner: There is Dan Kane on the west coast and a stenographer, and there is my secretary in Ottawa here and myself.

Where does the deputy transport controller come from? He popped up in the answer to my question, but I am suspicious that the functions of the transport controller are being carried on in part by his efficient secretary who works over in the Hunter building. It might well be that that could be done because I assume that under these tremendous powers which are granted to the transport controller to organize our bulk transport, to look after the filling of ships and so on, directives would be issued. On February 24 I asked:

> How many directives to the railways were issued by the transport controller—

The answer came back "None". In other words, the transport controller operates on

the telephone by trying to "joe" the railway companies into doing the things he would like them to do. If they decide that they want to haul lumber or coal instead of wheat there is nothing much that can be done. I can understand that the duties of the transport controller are very important, but it is quite obvious that there has been a slipshod handling of this whole affair by the department as well as a niggardly approach.

We should be in a position to appoint transport controllers who will handle that job as their sole job, who will work as full-time members of the staff and who will be paid by the department. I would go a step further and submit that this job is so important at this time that we should appoint additional transport controllers to carry on the functions which need to be carried on. I do not think it would be advisable to wait until after the next general election in the hope that additional appointments could be made then. It might be that that occasion would provide an opportunity to retire some war horses, but there again it would be an offside gamble. After all the duties of a transport controller are so important that he should be going about the task of organizing the transportation services of Canada to provide an efficient service to the farmers and businessmen of Canada who are in need of such a service.

Mr. Smith (Battle River-Camrose): Mr. Chairman, we in this group are happy to support this resolution which proposes to introduce a measure into the house at some later date to provide for the continuation for a further period of two years of the authority to make regulations for the control of the transport of goods in bulk. As has already been pointed out in the course of this discussion, there is something radically wrong with the type of control which has been exercised over the movement of grain from the west to coastal and lakehead terminals during the past number of years.

We were told last fall in no uncertain terms that the reason for the inability of farmers of the west to market their wheat was a shortage of box cars in the west. I cannot help but feel that there was something wrong in the Department of Transport that would permit such a situation to arise. Surely the transport controller and the other officials associated with the movement of goods throughout Canada must have been aware months in advance that there would be a great need for box cars to handle the 1955 crop and perhaps the remainder of the 1954 crop to be found in the west.

In my opinion these cars should have been moved out to western points, not in January or February after this parliament had opened, but early in the fall to enable the smaller elevators in the west to clean out their supplies and allow farmers to bring their wheat to the elevators before the roads became blocked.

However, I do not feel it would be fair to lay all the blame for this situation upon the Department of Transport. I submit that the right hon. Minister of Trade and Commerce must assume some responsibility for the marketing of grain. He should not attempt, as he did last fall, to blame others for the lack of planning which could have been handled quite well in his own department to some extent.

The situation is far from being free from confusion as far as western elevator points are concerned. Some points have a three-bushel quota, others have a four-bushel quota and so on, but there is a lack of uniformity as to how the grain is shipped. For example, I received this letter from a grain handler who has this to say:

> In the first place we were told last fall that cars were to be spotted at elevators in accordance with the number of shipping orders held by each elevator. So far as I am concerned this has never been done. I am at present holding 15 orders for carlots and the only other elevator at this point has 5 orders on hand. This should mean that I get two cars to every one of his, but to date cars are spotted one car for each elevator.
>
> Also I have had these orders since last December and have been unable to obtain cars.

That means to me that there is some confusion existing even now. However, I should like through you to thank the present transport controller for the co-operation and courtesy he has extended to me at all times, and I say that in all sincerity. In my opinion there is no use blaming the individual who is called upon to do a job and who is doing it to the best of his ability with the machinery with which he is provided.

However, on the other hand I feel that there is urgent need for a much closer liaison between the Department of Transport, the Department of Trade and Commerce and the Canadian wheat board so that the confusion which has existed these last number of years will be removed. Surely something can be done within the very near future to make certain that a situation such as we found this last year will not be repeated at another time.

It has been pointed out already during this debate that the box car situation apparently is much better along the lines of the Canadian National Railways than it is along the C.P.R. lines. That is true in my area, and it is particularly true as far as C.P.R. branch lines are concerned. Apparently they do not wish to move box cars into those lines unless

they are forced to do so. For this reason, Mr. Chairman, I should like to submit that perhaps the Canadian Pacific officials should be brought to task and perhaps called upon to try to offer the same service to the western grain producers that our own Canadian National Railway offers. As I have pointed out, we were very happy to see this resolution introduced, and we will reserve any further comments we may have in this regard until the bill is introduced.

Mr. Dinsdale: Mr. Chairman, I want to take this opportunity to express support of the resolution we have before the house. On the surface it appears to be a routine resolution. The Minister of Transport is asking for the continuation for a further period of two years of the authority to make regulations for the control of the transportation of goods in bulk, including amongst other things the appointment of one controller or more to look after this function.

This measure, I believe, was first passed in 1954. Prior to that, as I recall, there was considerable agitation in this house that steps be taken whereby the problem of dealing with the transportation of goods in bulk, primarily grain, could be taken care of in a more efficient manner. I recall, for example, when I first came to this house in 1951 the former member for the old Souris constituency, Mr. Arthur Ross, was active in making suggestions of this kind. As a result of similar representations, the measure was finally passed in 1954. Actually at that time it was merely regularizing procedures that had been carried out under order in council. I firmly believe that having the measure spelled out in concrete legislative terms is a much better way of dealing with the matter than the haphazard order in council procedure.

When the measure was originally passed, we were confronted with pressure on our transportation systems from bulk goods other than wheat. It seems to me that in more recent years, judging from the discussions in this house as well as from comments arising across the country, the major difficulty in making provision for the efficient and effective transport of bulk goods arises from the continuing problem of grain congestion on the prairies. Certainly, this was true of the situation that arose last fall. There is no necessity for me to emphasize this particular problem. It has already been covered quite thoroughly by the speakers before me in this discussion today. In supporting the reappointment of the transport controller, I should like to raise the query as to whether there is a real shortage of box cars in Canada. Perhaps when the minister replies to the various representations that have been made he will clarify this question.

Are we confronted with an absolute shortage of box cars in Canada? There has been conflicting information given in reference to this particular question. I recall the former minister of transport, Mr. Chevrier, insisting that there was no real shortage of box cars, but that it was just a matter of having them in the right place at the right time. Reading the evidence before the committee on railways that met earlier this year, I discovered that the president of the Canadian National is also of the opinion that there is no absolute shortage of box cars in Canada. Speaking directly to the question, for example, of the delivery of our huge grain crops, Mr. Gordon said that during the current crop year at no time has the Canadian National failed to take up the capacity made available to it at the terminal elevators in the west. Someone has laid down the figures that in order to handle the grain crop at the peak period of the year it is necessary to have 50,000 cars available in the west. This is a fairly substantial number of cars, and I just wonder whether our railways, both the Canadian National and Canadian Pacific, are in a position to meet that demand when it occurs from year to year. Looking at the actual situation that occurred last fall, there is some evidence which suggests that there is a real shortage of box cars. For instance, as has been pointed out before, at the close of the navigation season on the great lakes there was space available in the grain elevators across the country for some 100 million bushels. This immediately raises the query why, if we had sufficient box cars to handle the movement of grain, was this space available? Then again, from August to the close of the navigation season there were 35,000 fewer grain cars loaded than had been loaded in 1954.

During the discussion a few weeks ago of the problem of grain marketing the Minister of Trade and Commerce suggested that the problem that occurred in the west last fall was largely the result of the shortage of box cars that prevailed in western Canada. Now, the query I raise, and I trust the Minister of Transport will be able to help us in this regard, is: is it a real shortage or was it a temporary shortage? Do we have enough box cars in Canada to meet all the demands of the movement of bulk goods and particularly the movement of the very large grain crop that has been produced on the prairies in recent years?

If there is not a real shortage of box cars, it would seem to me that the problem must be one of allocation. We have had many

discussions in this house during the past few years concerning the equitable allocation of box cars. I am not going to go into that question in any great detail tonight. We have had representations before the agriculture committee on this question during the past three sessions and various solutions have been proposed. Judging from the correspondence I still continue to receive on the matter from farm areas, from elevator operators and particularly from pool elevator groups, we still have not solved this difficulty of the fair distribution of box cars amongst the various elevator companies and particularly in the various areas. For example, it has been mentioned that there is unequal distribution between elevators located on main lines and elevators located on branch lines. During a period of grain congestion such as we have faced in recent years there is obviously no legislative solution to the problem. It would seem that the responsibility falls entirely upon the transport controller. If our problem is one of allocation and distribution rather than one of absolute shortage, it seems obvious to me that there is a real necessity for a continuation of the measure that we have before us. In fact, there is an even greater necessity than there ever has been heretofore.

Perhaps I might end my remarks on a more optimistic note and possibly re-echo the sentiments that have been coming from the Minister of Trade and Commerce and the Minister of Agriculture in recent days by referring to the fact that we have been told that the problem of the movement of our grain is being solved quite nicely. According to a press dispatch the Minister of Agriculture was very confident at a meeting in the city of Medicine Hat recently that Canada's grain glut is going to be cleared away during the current year.

I have looked into the question to see just how close to reality optimistic pronouncements of that kind may be. If it is going to be possible to clear up the backlog of grain accumulation that resulted in the tie-up last fall it looks as though a miracle will have to take place. In March the farm union of the prairies presented a memorandum to Mr. Milner, the transport controller, on the question of the provision of transportation in order to get our congested grain to market. They came up with the answer that from now until the end of the crop year 1,085 box cars are going to be needed daily if we are to equal the delivery level of last year. I believe that number of cars is almost a prohibitive figure when we take into consideration the number of box cars available for this purpose in Canada.

I should like to break down these figures into concrete terms. These statistics, I may say, are taken from the 1954-55 Sanford Evans grain trade year book, a very reliable source. Total deliveries of wheat in the crop year 1954-55 were 312·3 million bushels, and the total for wheat and all other grains was 514·7 million bushels, a very large delivery total. Canadian wheat board statistics for deliveries in the current year up to the week ended February 1, 1956, give us the following picture. Total wheat deliveries were 111 million bushels and the grand total for all grains was 199 million bushels.

These figures suggest that if we are going to beat the record of last year—and we will have to go away over last year's total to make any impression on the surplus—if the optimistic predictions of the Minister of Trade and Commerce and the Minister of Agriculture are going to be realized, we still have 315·7 million bushels of grain to be delivered before July 31, 1956. Of this total 201·3 million bushels consist of wheat. On the basis of 1,700 bushels of wheat per box car this means an average of 4,554 cars per week will be required in the period from February 1 to July 31, 1956. Using a six day week, the average daily requirement for wheat movement alone will be 759 box cars. Then there are the coarse grains to be delivered. These total 114·4 million bushels if we are going to equal last year's figure, and on the basis of 2,250 bushels per box car this means an average of 1,956 box cars per week or 326 per day are required in the period from February 1 to July 31, 1956. These figures give the grand total of 1,085 box cars per day.

It is because of concrete evidence of this kind that I heartily support the resolution before the house at the present time. I would again repeat the questions I have asked. Do we have a real shortage? Is it a problem of allocation only? If it is a problem of allocation, the transport controller will certainly have his hands full to cope with the situation facing us at the present time.

Mr. Bryson: Mr. Chairman, I should like to add a few remarks to those already made with respect to the resolution before us providing for the appointment of a transport controller. At the same time I am sure we all feel that if he is not going to be any more effective in so far as the movement of grain is concerned than the present transport controller then we would like to know just what his duties are going to be. I hope when the minister speaks he will describe those duties quite fully.

The hon. member for Kindersley mentioned the terrific spoilage of grain that is

taking place at the present time in western Canada. During the last week or so I have had many letters pointing out to me that serious spoilage is being experienced all through the west where grain is piled outside or in granaries that are inadequate. Certainly that condition could have been overcome to a great extent if there had been a better allocation of box cars and a better movement of grain throughout that part of the country.

I should also like to mention for a moment the reluctance of the Canadian Pacific Railway Company to load box cars with grain on their branch lines. I happen to live in an area where we are faced with that problem. The problem has become so acute during the last couple of years that whenever it is economically feasible the pool elevator company is endeavouring to move its elevators to a Canadian National Railways siding. I think that is extremely unfortunate. It is adding again to the cost of producing grain in those areas. These elevators have been built on C.P.R. sidings in good faith and now they are to be moved. Much of the original elevator is going to have to be dispensed with and it is going to add to the already high costs of producing grain in that area for at least two or three more years.

One of the things that I think has been most annoying during the last year or two is the number of conflicting statements that we have heard with regard to the movement of grain. I refer to statements made by the Minister of Trade and Commerce on the one hand and by the transport controller on the other. I am sure that all of us are quite familiar with those conflicting statements. For instance, Mr. Milner is quoted in the *Western Producer* of January 21 as admitting that there is a shortage of box cars. He lists adverse weather conditions as one reason for the shortage of box cars in western Canada, at the same time admitting that there is some 60 million bushels' space in the terminal elevators both at the head of the lakes and at the Pacific seaboard. Then again, on February 16 or 17 —I am not sure just which—we have Mr. Milner making this statement:

> Transport controller Roy W. Milner,—

This is dated "Ottawa".

> —whose powers parliament will be asked to renew for two years, said Thursday there is no shortage of box cars holding up prairie grain shipments.

Then later on we have a statement by the Minister of Trade and Commerce, speaking to the Interprovincial Farm Union Council which assembled not long ago here in the city of Ottawa. At that time he said that because of the box car shortage prairie elevators will not be emptied before spring. That is a complete reversal of the opinion of Mr. Milner.

Then again, just recently we have Mr. Milner, in western Canada, giving evidence before the select committee of the Saskatchewan legislature, making this statement:

> People who claim Canada has a shortage of box cars for shipping grain are misinformed—the grain is moving as fast as export sales allow . . .

Then later on Mr. Milner is reported as saying this:

> Mr. Milner said nothing annoyed him more than people who blame all their ills on a so-called box car shortage.

There we have conflicting opinions on the part of both of these responsible people.

I should also like to say this. When this new transport controller, whoever he may be, is appointed I hope he will have delegated to him much wider and greater authority than that which is apparently enjoyed by the present transport controller. I should like to point out what Mr. Milner had to say before the select committee of the Saskatchewan legislature with regard to the allocation of box cars:

> Mr. Milner explained that while he could order box cars to a given point, the wheat board could supersede his order by ordering elevator companies not to deliver grain to the box cars.

Then farther on he said this:

> I tell the railways to carry out wheat board orders. I tell them, within good railway practice . . .

Here we have the transport controller saying that he allocates box cars on the advice of the wheat board and yet, in the same breath, saying that when those box cars are allocated according to the wishes of the wheat board to a particular point, he has no assurance whatsoever that the wheat board will allow grain to be put into those cars. Hence it would seem that the transport controller has little if any power in that respect. Then he went on to say something that to me was an amazing revelation because I had always believed that the transport controller had extremely wide powers with respect to the allocation of box cars for any commodity in this country or with respect to Canadian box cars in the United States. Nevertheless he goes on to say this:

> He said that he had no control over Canadian cars in the U.S. . . .

I therefore hope, Mr. Chairman, that when the new controller is appointed his powers will be set out definitely and that we shall know exactly what those powers are. I should like to place on the record just what the position is in respect of the movement of grain in western Canada. I am going to quote from

a study made on March 1 by the Saskatchewan wheat pool or by competent people representing that organization:

> At half the shipping points in Saskatchewan,—

This is on Feb. 22, of this year.

> —farmers were still restricted to one bushel per acre delivery quota . . . This meant that the grain income for most half-section farmers at these points since last August had a ceiling of $720.

Then he goes on to point out the position of farmers farming larger portions of land.

> At the same date, 612 points were on a quota of one bushel to the specified acre. (There are 1,107 shipping points in the province).

I go back to the preceding paragraph:

> On February 22, 32 Saskatchewan shipping points were still on the unit quota of delivery.

They had not even been allowed to load out their first bushel in the current crop year.

> The railways had loaded about 26,800 fewer box cars at prairie points during the present crop year than during the same portion of the 1954-55 crop year.
>
> Apparent available space in terminal elevators at the lakehead on February 15 was about 20 million bushels.

We know that that capacity has been substantially increased since that time. They go on to say this:

> The review also showed that congestion was much more serious in the southern half of the province than in the northern. In six wheat pool divisions south of a line from Yorkton to Alsask, 65 per cent of the shipping points were still on the 1-bushel quota as compared with 58 per cent for the province as a whole.
>
> The Canadian wheat board had issued several thousand shipping orders to country elevators for the movement of grain which had been unfilled because cars had not been spotted at the elevators. The Saskatchewan wheat pool itself had more than 6,000 orders for grain shipments on hand awaiting the arrival of box cars.

Thus we see, Mr. Chairman, that the situation is indeed critical with respect to the movement and delivery of grain.

A few moments ago the hon. member for Brandon quoted some revealing figures relative to the number of box cars that will be needed between now and July 31 of this year, which is the end of the present crop year, if we are to be able to deliver as much grain this year as we delivered last year. While I am not going to place on record that comprehensive statement that he made, although I have it here, I should like to point out, as he did, that it will require some 1,085 box cars to be loaded every day until July 31 if we are to be able to deliver as much grain this year as we did last year.

I think the figure he quoted was that the total number of bushels of all grains delivered last year amounted to some 514·7 million bushels. That, of course, includes wheat, oats, rye, barley and flax. Up until February 1 of this year we had delivered a total of 199 million bushels. I believe it would be correct to say that the latest figures we have of deliveries up until April 4 are something in the neighbourhood of 255 million bushels as against the figure of 199 million bushels that I quoted for February 1. The fact remains that it is going to take even more box cars from now until the completion of this crop year if we are going to be able to dispose of as much grain as we did last year. Therefore, I hope that when this new man is appointed his work will be reflected in a more orderly and a more realistic allocation of box cars in so far as the movement of grain and grain products is concerned, especially from western Canada, where we are in such a critical position at the present time.

The Deputy Chairman: Shall the resolution carry?

Mr. Castleden: In speaking in support of the resolution preceding the bill to amend the act to continue the life of the transport controller for some years, I should like to say that the present business demands in the transportation field require that such a man should hold such a position. The matter of the transportation of grain from the western prairies has become a very vital one to the producers in that part of the country, particularly in a year such as 1955-56 when, because of the lack of facilities and the lack of space, a large section of the population in the prairie regions was in a sort of semi-recession as a result of having the source of the life blood of their business cut off. They could not deliver their grain. When that is brought about because of a lack of transportation facilities it is something which requires the attention of the government particularly. The increased production in the past number of years in western Canada has placed a strain on that part of the country in so far as the farmers getting returns for their produce is concerned. The situation has become complicated over the years because the western farmers have been struggling in the best way they knew how for years to get out of the clutches of what was previously the Winnipeg grain exchange. They have been fighting for years to get away from the line elevator companies who operated the Winnipeg grain exchange and had complete control. The farmer was compelled to sell to them pretty well at the price which they were able to manipulate in the grain exchange. They held the grain and then sold it on the world's markets at the world price and pocketed the difference.

Department of Transport Act

For many years the farmers struggled to establish the wheat board and in conjunction with that farm organizations, co-operative organizations, under which they would own their own pool organization, the wheat pool, and deliver their grain to their own organization. and have their own organizations sell that grain on the Winnipeg grain exchange to start with, while it was still there. Then later they fought for the establishment of a wheat board.

Gradually, through the years, that fight has been successful and the producers on the prairies thought they had solved their problems pretty well. At any rate, the sale of their products was made through an orderly marketing setup at whatever price the commodities sold at in the markets of the world, and that price was returned to the producers less the costs of handling. That is exactly what the farmer wanted.

The establishment of the wheat board was a blow to the grain exchange; it was a blow to the line elevator companies which operated in that country. The farmer thought it was only right and just that he should have the returns of his labour sent back to him after his grain was sold. Everything seemed to be moving pretty well in the direction of the establishment of something fair and equitable. Then, along with the extra production and the difficulties of markets, a further complication arose which has again taken the cup of success away from his lips which he thought he had won. That complication was the person who was put in control of and arranged for the box cars to reach his elevator. For many years his wheat pool elevator gained and gained business and finally got a little over 50 per cent. Then appeared this new complication, namely, the matter of box car allocation. He found that in spite of the fact he had his own elevator, in spite of the fact it was the wheat board that was handling his grain, in spite of the fact that he had his own terminal elevator and, in many cases, terminal milling companies where he could sell his grain to his own organization, the business that he was able to do through his wheat pools was being cut severely because he could not get box cars. He was thus denied, and in recent years had been denied, a basic right which he had previously almost taken for granted, namely, the right to deliver grain to the elevator of his own choice, the right to deliver his grain to his own elevator because, in the operation of an elevator business, there is not only the job of doing away with the exploitation of the grain exchange and of the line elevator companies but there are the returns which naturally come from the profits of handling his own grain through his own organization, namely, the wheat pool. Any profits which accrue out of the business of handling grain are returned to the producers in the form of dividends. Surely, then, it is only right and just that the producer should be permitted to deliver the grain to his own elevator.

To the extent to which he was permitted to do that we find there has been a gradual decline in line elevator companies. Some of them were very severely hit and some of them are struggling to exist against the people's movement, the co-operative movement, which has risen to establish some rights for the farmers, to establish the co-operative business as a means of combatting the competitive system which had a monopoly in the handling of grain and which for years had exploited and manipulated the price of grain in Winnipeg. They made it low in the fall when the farmer had to sell, and then when they sold it on the world market they cleaned up for themselves and took the benefits of the farmers' toil back into their hands and made many millionaires in the city of Winnipeg and on the Winnipeg grain exchange.

Naturally, the grain exchange and the grain companies organized to compete with the farmers, and their fight against the pools has been continuous, strenuous and steady. It has never been given up. They still, I believe, carry some hope in their hearts that some day they might be able to beat down the people's co-operative movement which includes, I would say, a large percentage of the producers in western Canada. The transport controller enters the picture at this point and becomes the key person to the whole situation.

It seemed very unfortunate to many prairie producers that the man who was selected transport controller and who exercises control over the allocation of box cars is the man who was at one time president of the Winnipeg grain exchange and who for many years was the president of one of the largest grain companies in the business. Naturally the co-operative producer looks upon such a man as a person having motives of his own in the handling and allocation of box cars and in business which affects the operation of the wheat pools and their co-operative associations.

I am giving this background to the minister in order that he may understand why there is a great deal of mistrust towards the transport controller and why the farmers look upon the transport controller as the person responsible for box car shortages when they hear there are insufficient box cars in their region to handle the grain in the fall of the year when they are loaded down with grain and when their bins are full.

There were times when the farmers should have been able to deliver their grain and they were surprised to learn that thousands of box cars were being used by other industries. Last winter was a very severe winter in the west as indeed it was in other parts of Canada. Later on when box cars were available in some small quantity the farmers had difficulty getting into the various towns to deliver their grain. In fact in many cases the railway companies had a great deal of difficulty getting box cars down to the sidings. As the previous speaker indicated, the situation on the branch lines was particularly difficult.

The key to the situation lies in the fact that the farmers feel their own organization is being discriminated against in the matter of the allocation of box cars, and in their constant struggle to find out who is responsible they are given what can only be described as the run-around.

Perhaps this is not under the control of the Minister of Transport and I can understand that he might have difficulty in connection with it, but I can say to him that at the present time the system under which the farmers are supposed to operate leaves much to be desired.

The wheat board is the sole agent for the government in the selling of grain. When it receives orders for selling grain from any particular point it passes on the shipping orders to the various grain companies, wheat pools, or the line elevator companies such as the federal grain company or the Pacific Grain Company, the U.G.G. and others. They pass the orders on to the elevator company at their head offices. The instruction is that the head office shall then designate the various points throughout the various provinces where that particular elevator will be given a shipping order to deliver its grain. It cannot be delivered, however, unless box cars are sent to that point and it is here we feel the transport controller should enter the picture and instruct the railway companies to spot box cars to certain elevators at certain points, at least in accordance with the shipping orders passed out by the wheat board to the various grain companies in the prairies.

In spite of the fact that the grain companies and the delivery points are receiving shipping orders, they find they are not getting the box cars. Who is responsible for the allocation of these box cars?

Well, in the agricultural committee we questioned the transport controller and he said, "I have nothing to do with the rails. I am too busy to interfere with the railway companies. I could not spend my time running the railway companies".

Mr. Marler: Would the hon. member permit a question. When did Mr. Milner make that statement?

Mr. Castleden: When he appeared before the agricultural committee last year, 1955.

Mr. Marler: I believe the hon. member will have difficulty finding the page in the proceedings of that committee on which that statement is recorded.

Mr. Castleden: Before the debate has concluded I shall be glad to look it up.

Mr. Marler: Yes. I would be interested in seeing it. I do not recall any such statement having been made.

Mr. Castleden: I shall be glad to find it for the minister. At any rate, this is what has happened. If the transport controller has no control over the railway companies I can then understand the situation being as it is. However, if he has control over the railway companies and has the right to designate to them that they shall distribute box cars according to the shipping orders and the delivery points designated by the wheat pools and other elevator companies, I cannot understand the present situation. I shall be very glad to have an explanation and I am quite sure that the wheat pools would be glad to know what the situation is in reality.

I wish to describe what is happening at the present time. I have in my hand a report from a small town, Bankend, which is situated on a branch line in my constituency. This is in the form of a letter dated February 6 and it says:

> We have today 26 shipping orders on hand at this point, 18 with the pool and eight with the Federal, and we are still on the 100 unit quota at this point.

They have not obtained the 1-bushel quota. The report also states that this group signed a number of resolutions, copies of which were sent to the transport controller, the chairman of the Canadian wheat board and the Canadian Pacific Railway dispatcher.

I took the matter up at once and wrote to the Minister of Trade and Commerce concerning the situation and endeavoured to get some action. It seems that there are some points which are having difficulty getting box cars and the people there are in dire circumstances. At that time they could not get cash advances on their grain and because they lived many miles from a bank and the roads were impassable in many cases they were unable to get a loan from a bank. Many of them were doubtful that they could obtain a loan from a bank even if they asked for one.

After a little bit of action they wrote to me again on March 30 telling me that the

train crew came down and in spite of the fact that the line elevator company at that point had filled all its shipping orders only two cars were dropped off at that point, one at the wheat pool, which still had 15 shipping orders, and one at the line elevator company which had no shipping orders at all.

When you try to find out who is responsible you are told that no one is responsible except perhaps the train crew which is not carrying out the order. You try to find out who has given the order and you are told that it is the dispatcher. When you approach him he tells you that he gets his orders from somewhere else. The train crew says that it did not get any orders to spot cars at this point and the dispatcher says he operates on the basis of one car, one elevator. The dispatcher denies the fact that he is giving orders about this and says that he leaves it to the crews. The result is that no one seems to accept responsibility for the allocation by the crews of cars at these elevator delivery points. There is something seriously wrong in the allocation of shipping orders and the allocation of cars when they get there.

In a letter I wrote to the Minister of Trade and Commerce on April 12 I indicated the situation as it existed at that time. Dealing with the box car situation at that point I said:

> My attention has been drawn to an unfortunate situation with regard to the spotting of the cars which are being allocated to the above delivery point. A similar situation exists at many other points in Saskatchewan.

It exists also at many points in the constituency of Yorkton, which I have the honour to represent.

> According to my informant the Federal elevator at that point has filled all its shipping orders. The Saskatchewan wheat pool, however, has orders for some 15 cars.
>
> On March 30th the train crew spotted one car at each elevator, although the Federal elevator had no shipping orders.

Upon whose orders was that done? Where did they come from? What happened at that point is that the farmers finally took the matter into their own hands. They filled up the one car at the pool elevator which they had and then they proceeded up to the Federal elevator company and moved the box car from there to their own elevator where it could be filled. My letter goes on:

> It is evident that the arrangements for allocation of cars to cover shipping orders is not functioning properly and unfortunately the wheat pool is being discriminated against as a result.
>
> At Bankend it is evident that the Federal Grain Company has been receiving more than its fair allocation of cars, since at the present time the Federal elevator has some 3,500 bushels available space whereas the Saskatchewan wheat pool elevator is filled.
>
> Inquiry into the situation at various times indicates that in some cases the train crews do not receive definite instructions as to the spotting of cars. In other cases they fail to place the cars where instructions call for them.
>
> Would it be possible to have definite arrangements made with the railroad companies under which cars could be spotted according to the shipping orders as allocated by the wheat board and elevator companies?

I should like to point out to the minister, and this is because of some previous association with the transport controller—I want him to accept my word—that personally I have nothing against the transport controller. In my opinion this whole situation has resulted from something which is failing to operate. The situation is made all the more difficult and creates more bitter feelings against the government and against the minister and against the transport controller when they find this sort of thing happening.

I suggest that he should try to straighten it out and give the transport controller control over the instructions given to the railway companies so that the allocation of cars will take place where it should take place. There should be such co-ordination between shipping orders and the allocation of cars that they are exactly the same. If the minister can remedy that situation he will do a great deal of good.

I know of one place where there is a single wheat pool elevator, and in another place where there is a line company elevator, and in almost every instance the line company is getting the box cars while the wheat pool is not. I know in my own area they seem to leave cars at one place and not at the other. I do not know why the train crews do that, but surely if instructions were given to the transport controller this could be remedied. If he has not the power to do it, he should be given that power and thus be able to do what should be done.

Inquiries of the heads of the wheat pools, of the heads of the grain companies, of the wheat board and of the railway companies simply result in the passing of the buck to somebody else and saying "It is not our responsibility." If the minister can get this particular situation cleared up he will do a great deal of good. At any rate he will reestablish to the producers on the prairie a basic right which belongs to every individual, the right to deliver his grain to the elevator of his choice, the right to purchase his commodities where he would like to purchase them. That right has existed for many years.

I might say that this trouble seldom occurred prior to the time when the wheat pool got into the position where it could control by far the greater part of the grain at particular points. Taking Bankend as an example, my own feeling is that if they were

allowed to deliver say 80 per cent of the grain to the pool elevator the situation might be different, but they are forced to deliver grain to the line elevator company because that elevator is getting the box cars and has the space. The farmer must have money and he is put in the position where he cannot do anything about it. He is forced by economic conditions over which he has no control to try to get rid of that grain as best he can. If the minister could remove that injustice I assure him he would have the support of members on this side of the house.

Mr. Campbell: Mr. Chairman, before the resolution carries, I should like to say something which has been said already, and that is that we in this group will support this legislation in the hope that never again will there be a recurrence of what we saw last fall. I think there should be two main objectives of the bill to be introduced. First, the bill should provide that grain should always be moved to the terminals, not only to fill orders for overseas but to fill mill orders and also to keep our terminal elevators full.

I heard a number of complaints by elevator agents last fall to the effect that they had mill orders on hand. Mill orders are orders from the milling companies which want grain right away and will take deliveries of those orders. Different elevator agents have told me that they had had mill orders for two or three weeks and could not get box cars. One of my greatest concerns about the whole situation last winter was the fact that while our farmers were in desperate need of money there was a tremendous amount of empty elevator space available during the month of January.

I asked a number of questions during January in an effort to find out how much empty space there was in the elevators, at the lakehead terminals and the far coast terminals. I was told that that amounted to 50 million bushels of space. I tried to find out who was responsible for that situation. I asked the Minister of Trade and Commerce a number of questions but I received no satisfactory reply. Up to the present I am quite certain that no satisfactory reason has been given to this house for the empty space available in our terminal elevators for that amount of wheat. I think the controller should have the power to do these things and see that cars are available so that mill orders can be filled.

Another objective which I think this legislation should have is to provide for the allocating of box cars. The hon. member who just spoke has covered that point rather well. One of the biggest complaints that the farmers in western Canada have is the fact that they have spent a huge amount of money to set up their own elevator system. They have spent a lot of time and effort to build up that organization, but they now find themselves in the position that whenever they haul a load of grain to their own elevator they find that it is full and they have to take that grain to an elevator with which they do not want to deal. If the legislation to be introduced following this resolution does these things, I think it will be doing a great good and will represent a forward step in marketing legislation in this country. I want to warn the government that if it does not achieve these two main objectives it is going to hear a lot from the grain growers in western Canada in the next year.

Mr. Zaplitny: Before this resolution is adopted I want to express a few thoughts on it. I notice the resolution calls for the appointment of a transport controller and for one or more deputy controllers to carry out the provisions of such regulations as may be laid down, and for the payment of their remuneration. As has already been stated by speakers from this group, we are quite prepared to support the idea of extending the power of the transport controller, and even adding an assistant controller, if we are satisfied it is going to result in a more efficient and more equitable distribution of the box cars in this country. However so far, judging by the evidence that has been placed before this committee, and I think it is rather significant that we have not yet heard from the minister—

Mr. Marler: I gave a very brief statement at the start. I do not know what the hon. member expects.

Mr. Zaplitny: The minister has yet to inform this committee on some of the essential matters with regard to this resolution. I shall mention those in a few minutes and then he will have an opportunity to expand upon his brief statement.

There are two principles involved in which we in western Canada are interested. We are, of course, interested in the over-all situation. We are not so parochial in our views that we are interested only in the movement of grain. We are interested in the bulk movement of raw materials right across this country and we would be glad to help in any way we could to facilitate the efficient movement of other goods in this country. However, I think it is our duty, since we represent constituencies in which agriculture is predominant, to speak up and be heard about the movement of grain. It will be up to other members who represent

mining areas, fishing areas or the other areas that may have transportation problems to speak up for the other products concerned.

There are two principles about which we are concerned in regard to the movement of grain and they can be simply stated. The first one is whether there is actually a sufficient number of box cars to move the grain expeditiously from the country elevators to the terminal points and to put it into a position for shipment as orders arrive. Secondly, we are concerned whether any effort has been made on the part of the transport controller, or those who give him his instructions, to so allocate the available box cars for grain that regard will be had for the principle for which farm organizations, particularly the wheat pools, have been fighting for a long time, namely that every farmer should have the right to deal with the elevator of his own choice. This principle is subscribed to by every producer, whether he belongs to a wheat pool association, the United Grain Growers or any line elevator company. They are all jealous of their right to do business with the elevator of their choice.

But it becomes an even more important principle in respect to the wheat pools because of the fact that these farmers have given 25 or 30 years of their time and energy to the building up of a grain elevator system of their own, and which they have financed out of their own sales of grain. They operate it voluntarily during their spare hours and the majority of them receive no remuneration whatever. They feel that they have acquired an asset in this system of handling grain which is very valuable to them. They are wondering, just as we here are wondering, to what extent the government or the transport controller, who derives his power from the government, is following that principle of adequate and equitable distribution of box cars. What efforts are being made to see to it that the grain elevators that belong to the wheat pool system can obtain their fair share of the available box cars? There has been plenty of evidence given here and in the committee on agriculture to show that there is something wrong somewhere; that even at a particular shipping point there appears to be a fine hand of discrimination creeping in which does not give to the wheat pool elevators their fair share of the available box cars. This results in a certain amount of the grain being forced into the hands of those elevators to which the farmers do not desire to haul their grain.

Now, those are questions which have not yet been answered. I hope that when the minister expands upon his brief statement he will pay more attention to these two principles and give us the answers. I want to add another thought concerning something I have mentioned before in this house and outside, and that is that the government itself could be of more assistance with respect to the movement of grain at a time when there may be a shortage of box cars. At the moment, there seems to be some doubt as to whether there is or is not such a shortage. We have had conflicting reports. In any event if there is an actual shortage of box cars, particularly during the winter season, I think the government would be well advised to provide more storage space for grain. We have now certain terminal facilities for the storage of grain. I believe it is high time the government, either on its own or by advancing moneys to the wheat board, increased the terminal storage facilities in order that more grain could be kept in a shipping position during times when it is not possible to transport grain quickly to the terminals. In addition to the terminal storage space, we should build a system of off-terminal storage facilities. There are many centres where grain is a very important product. My own town is a good example, and the city represented by the hon. member for Brandon-Souris is another good example. There are many places throughout western Canada in which there should be off-terminal storage space.

I want to make it clear that I am not talking about an additional number of country elevators. I have stated before, and I want to say again, that country elevators were built primarily for the purpose of handling grain, of receiving it from the farmers as they bring it in and putting it as quickly as possible into box cars to be shipped away. I believe that is the chief function of the country elevators. They were not designed primarily as storage space, yet in the last ten years or so they have had to serve the dual purpose of being handling facilities for the grain, for which they were originally designed, and also acting as storage bins. In other words, they have played part of the functions of terminal elevators. There should be off-terminal storage space built in strategic towns throughout the prairie provinces in which grain could be stored and put into a position where it could be shipped out as soon as cars were available.

I do not know how familiar the minister is with conditions on the prairies. I am sure the Minister of Trade and Commerce is quite familiar with them, as is the Minister of Agriculture. But perhaps he will be interested in knowing that there are certain conditions under which farmers have to deliver their grain. The conditions are altogether different now from what they were 20 or 25 years ago,

or even 15 years ago. There was a time when the farmers used to thresh their grain, during the days of the threshing machine, put their grain into their granaries and then deliver it by sleigh in the winter time or by wagon in the summer time. In other words, there was a trickle of grain continually moving from the farm to the grain elevator. Under those circumstances it was possible for the grain elevators to move the grain out as it came in and there was not the sudden run on box cars and space that there is now.

Conditions have changed. Farming methods have changed. This is the day of the combine, of mass production and quick harvesting. If weather conditions are favourable in the fall the harvest time is cut very short. There is a great production of grain from the fields in a very short time, and the most convenient and least expensive way for the average farmer to deliver his grain today is to take it right from the combine in the field, put it into a truck, deliver it to the elevator and dump it. That is the most efficient and least expensive way of doing it. Of course, in the last five or six years the farmers have not been able to do that to the extent they would like because of the grain congestion, but I am giving the minister the picture so he will realize that there is that problem, that there is need for available space at the time of the year when grain becomes suddenly available on the farms.

There is something else. The winter that is now disappearing on the prairies was an exceptionally severe one. While many of the grain elevators were full to capacity in the fall and there was absolutely no possibility of farmers making deliveries, as the winter wore on and some grain was shipped in box cars to the terminals the roads became blocked. We had the curious situation a month or six weeks ago, perhaps in some instances even now, where the roads were blocked and country elevators were empty, but even though the farmers had a huge amount of grain in their granaries on their farms they could not deliver it because there was no road on which they could drive. There again you have another bottleneck, another delay at a time of the year when every day means a loss to the grain farmer.

For these reasons I believe that the government would be well advised to look into the possibility of increasing terminal storage space in the first place so that grain may be moved as quickly and as continuously as possible to the actual shipping points where it can be loaded on boats and taken away. This is a matter of bringing the whole business of the movement of grain to a more up-to-date position. We need a more efficient and synchronized way of doing things.

As I mentioned at the beginning of these few words, the resolution calls for the appointment of a controller and one or more deputy controllers and the provision of remuneration for them. Before the resolution passes I should like the minister to tell the committee why he is recommending the appointment of a deputy controller or perhaps more than one deputy controller. Is it because the controller finds that his work has become so heavy that he cannot handle it? Does the government envisage giving the present controller and his deputy more authority than they have had in the past? Are we to expect that the controller is to be given other duties which he does not now possess? These are questions which I think should be answered before the resolution is adopted.

I should also like the minister to answer certain additional questions. For example, I think the committee should be told now in clear and unequivocal terms just what the powers of the present controller are, what they are to be and to what extent he has exercised the powers that have been given to him. We would also like to know how many box cars have actually been allocated in the last twelve months as the result of the powers exercised by the transport controller. We would also like to know if there is an over-all shortage of box cars in Canada taking into consideration the hauling of all bulk goods. We would also like to know if there is any particular reason why the shortage of box cars for grain has been as serious as it apparently has been according to statements made in recent months.

These are some of the things we want to know. I think the minister also should be able to tell us just which minister in the government is the responsible minister with respect to the whole business of the control of the distribution of box cars. We have had various statements made by the Minister of Trade and Commerce. On occasion we have even heard from the Minister of Agriculture. Personally I have not heard very much about it from the Minister of Transport, but it does seem to concern at least those three departments. It may even concern others. It might be a good idea if these three ministers were to set themselves up as a sort of box car committee in the cabinet. It could perhaps be a junior treasury board. They might find a suitable vault in the east block where they could go into hiding and remain in confinement until they have the problem licked.

Mr. Castleden: I should like to direct a question to the Minister of Transport. Has the controller power to instruct any railway company to allocate box cars to an elevator at a delivery point? Does that power rest with the controller?

Mr. Marler: Mr. Chairman, I am sorry that some of the hon. members who have participated in the debate seem not to have understood the brief statement I made at the beginning of the discussion which I think set forth in very simple terms the exact purpose of the amendments to the Department of Transport Act that it is contemplated to make when the resolution is adopted. I said that the sole purpose of the resolution and of the amendment to the Department of Transport Act was to extend the life of section 6(a) until the 31st of May, 1958.

I had thought when I said that was the sole purpose that hon. members would understand that it was not contemplated by the resolution or by the legislation to follow that there would be a new appointment of a transport controller or that there would be any enlargement of the powers which he has under the statute to which I referred a moment ago. There is no necessity for a new appointment. I will admit the language of the resolution seems to suggest the appointment of a deputy controller but I am sure if hon. members will refer to the original legislation adopted in 1954 they will see that that legislation made provision for the appointment of one or more deputy controllers. Therefore in that respect, though the resolution may appear to suggest something new, that is already provided for under the existing statute.

Some hon. members spoke during the discussion this afternoon and this evening as if the transport of grain was the only responsibility of the transport controller. The hon. member for Dauphin, who has just spoken, made it clear. I think, that that was not his conception of the situation but other members who preceded him certainly gave the impression that the transport of grain was the only responsibility which the transport controller had to discharge.

Mr. Castleden: That was the one we were complaining about particularly.

Mr. Marler: I am not particularly looking at the hon. member for Yorkton in making these remarks. Perhaps he may find that some of my remarks will fit what he has said and if so perhaps he can put the cap on and wear it.

Mr. Argue: Tell us what the transport controller has done in these other fields.

[Mr. Zaplitny.]

Mr. Marler: If the hon. gentleman will allow me to continue my remarks, I hope that I shall be able to satisfy them. I admit that is perhaps asking a great deal, but I shall try to do so.

Mr. Argue: Tell us what he has done.

Mr. Marler: What I was saying when the hon. member interrupted me was that the transporting of grain is not the sole responsibility of the transport controller. Under the statute he is charged with the responsibility for the carrying out of the prompt, efficient and orderly transportation of goods in bulk; and goods in bulk include a number of items such as grain and grain products, ores and minerals; ferrous metals; iron and steel scrap; sand, stone and gravel; pulpwood; wood pulp; poles and logs; coal and coke; and sulphur and phosphate. I am not suggesting, Mr. Chairman, that the hon. gentlemen opposite are more concerned with those other items than with grain. I fully understand their interest in grain and I fully understand that that appears to be the prime responsibility of the transport controller.

A moment ago, Mr. Chairman, we spoke of the powers of the transport controller. Some hon. gentlemen seem to consider that the powers which he has under the statute are extremely far-reaching. Others seem to think that the powers should be more extensive. The hon. member for Prince Albert suggested that as the powers did not seem to be exercised frequently—because there was not a large number of written directives issued by the transport controller—therefore that suggested that the powers were ineffective. I suggest that if the powers did not exist, the transport controller would be wholly ineffective. It is only because he has the powers that are provided for in the statute that he is able to carry out his duties effectively.

In considering what has taken place in 1955 in the movement of grain and what has taken place say since the beginning of the present crop year, from August 1, 1955 up to the present time, I think there has been on the part of hon. members a disposition to overlook the fact that the year 1955 was one of substantial activity for all forms of transport in Canada. It was a year of substantial activity not only for the railways but for water carriers and air carriers. In fact, in a general sense I think 1955 will go down in history as a good year for transportation.

I think that in a broad sense the railways have done a good job in transporting grain and in carrying out the movement of grain that they have been asked to undertake. I shall not for a moment attempt to conceal from hon. members the fact that, if they take the trouble to look at what might be called

the box car census, they will find that at August 15, 1955—the nearest date to the beginning of the crop year—the total number of box cars in the prairie and Pacific regions was close to 45,000 cars. In round figures that is about 5,000 cars less than in the preceding year, as of August 15, 1954 and about 10,000 cars less than the box car population as of August 15, 1953.

Hon. members have spoken about the present situation and have asked whether there was in fact a shortage of box cars to move the grain crop. I do not want to take up too much of the time of the committee, but I might say that the question was discussed when the C.N.R. accounts were before the standing committee on railways and shipping owned by the government. I think that Mr. Gordon's evidence on that subject merits reading and consideration. I shall merely summarize it by pointing out that he emphasizes the point that the question of whether there is a shortage at any given time depends on the volume of traffic to be moved and on the way and time in which you wish to move it. I will not attempt to read his evidence which is rather lengthy. However, I think that hon. members will find it informative and constructive. But, Mr. Chairman, it seems to me that perhaps one of the most interesting demonstrations of the fact that our box cars are sufficient to move the grain crop can be had by looking back at what happened in earlier years. In 1952-53, for example, the total export shipments of wheat and other grains amounted to something more than 400 million bushels. I suggest, to start with, that the box car population in 1952-53 was less than it was in 1955-56. When we look again at the figures for the crop year 1953-54, when exports amounted to nearly 265 million bushels, I suggest that there again the box car population was sufficient to move the wheat that Canada was able to export in that year. I think also that when hon. gentlemen opposite will have the opportunity to study the figures—I am not suggesting that it is an immediate one but when the figures for the current crop year are written—and when consideration is given to the climatic conditions which have had to be met by the railways in this past winter, I think they will find that what has been done by the railways and what has been done by the transport controller will merit general commendation.

Mr. Castleden: I wonder whether the minister will permit a question?

Mr. Marler: Yes.

Mr. Castleden: I was wondering whether, perhaps before continuing his statement tomorrow, he could find out, since the number of cars in the prairie regions was greater in 1955 than it was in 1954, why it was that the—

Mr. Marler: I did not say that.

Mr. Castleden: I understood the minister to say that.

Mr. Marler: No.

Mr. Castleden: Did you say there were 5,000 cars less?

Mr. Marler: I said there were 5,000 cars less in 1955 than there were in 1954.

Mr. Castleden: And 10,000 less than in 1953?

Mr. Marler: Approximately 10,000; not exactly 10,000 but approximately that number.

Mr. Castleden: In about the first six months car loadings, as far as farm deliveries are concerned, were almost 100 million bushels down.

Mr. Marler: Mr. Chairman, let us talk about the same thing at the same time.

Mr. Argue: Ten o'clock.

Mr. Marler: I do not see how we can talk about the box car population and at the same time talk about car loadings; and I do not see how, when we are talking about the number of box cars, we can then proceed to talk about hundreds of millions of bushels of wheat.

Mr. Argue: Ten o'clock.

Mr. Marler: I think it would be wiser if we talked about the same thing. Perhaps if the hon. gentleman would allow me to do so, I might finish the statement tomorrow. Then if I have not answered all of the questions I shall try to do so.

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue with this debate tomorrow. Then we shall take the resolution with respect to the Northwest Territories Power Commission Act; then the resolution with respect to the judges; then the two motions in the name of the hon. member for Yorkton (Mr. Castleden) with respect to certain papers that he wishes tabled; then the resolution standing in my name with respect to the Veterans' Business and Professional Loans Act; and then that in the name of the Minister of Mines and Technical Surveys (Mr. Prudham).

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

MILITARY BANDS

Question No. 266—**Mr. Pearkes:**

1. How many bands are authorized for the regular armed forces of Canada?
2. Where are these bands located?
3. To which arm of the service do they belong?
4. How many bandsmen are authorized for each band?

Answer by: **Hon. R. O. Campney (Minister of National Defence):**

1. There are 23 full-time bands.

2, 3 and 4.

Service	Location	No. of bandsmen authorized
R.C.N.	Halifax, N.S.	38
	Cornwallis, N.S.	35
	Shearwater, N.S.	21
	Victoria, B.C.	21
	HMCS *Ontario*	17
	HMCS *Magnificent*	17
Army	Halifax, N.S. (2 bands)	110
	Valcartier, P.Q.	55
	Montreal, P.Q.	55
	Camp Borden, Ont. (2 bands)	110
	Toronto, Ont.	55
	Winnipeg, Man.	55
	Calgary, Alta.	55
	Vedder Crossing, B.C.	55
	Stockum, Germany	55
	Edmonton, Alta.	To be formed at a later date.
	Camp Borden, Ont.	
	Camp Sarcee, Alta.	
R.C.A.F.	Rockcliffe, Ont.	55
	Downsview, Ont.	55
	Edmonton, Alta.	55

R.C.A.F. RESERVE OFFICER TRAINING

Question No. 375—**Mr. Dinsdale:**

1. How many Royal Canadian Air Force reserve (a) officers; (b) N.C.O.'s have trained under the M.A.T.P. scheme each year since its inauguration?
2. How many students have trained under the R.O.T.P. in each of the services each year since its inauguration?
3. How many R.O.T.P. trained personnel are now serving in the Royal Canadian Air Force reserve, and of these, how many trained under the M.A.T.P. scheme last year?

Answer by: **Hon. R. O. Campney (Minister of National Defence):**

1.	(a)	(b)
1951-52	78	nil
1952-53	183	nil
1953-54	278	nil
1954-55	497	60
1955-56 (to 15 March)	481	57

2.	Navy	Army	Air force	Total
1953	102	212	237	551
1954	175	362	348	885
1955	220	500	495	1,215
1956	232	550	605	1,387

(Strengths for 1953-55 are as of 31st March; and for 1956, as of 29th February.)

3. Five personnel who trained under the R.O.T.P. scheme but failed to graduate are presently serving in the R.C.A.F. reserve. They were not trained under the M.A.T.P. scheme during the past year.

FRESHET DAMAGE, FRASER RIVER, B.C.

Question No. 393—**Mr. Goode:**

1. Is there co-operation between federal engineers and engineers employed by the British Columbia government on anticipation of potential freshet damage on the Fraser river?
2. If so, what form does this co-operation take?
3. What is the viewpoint of federal engineers on the Fraser river flood potential in 1956?

Answer by: **Hon. Jean Lesage (Minister of Northern Affairs and National Resources):**

1. Yes.

2. The staff of the comptroller of water rights of British Columbia undertake snow surveys in the watershed of the Fraser river to determine the amount of snow cover and its water content. This information is distributed to other interested agencies, including this department. The British Columbia-Yukon district office of the water resources branch of this department obtains through its hydrometric survey network daily telegraph reports of river stages at key points in the Fraser river basin. These reports are forwarded to the comptroller of water rights, the diking commissioner of British Columbia, and, on request, to the British Columbia department of highways and other agencies, companies and individuals. From these river reports and daily weather reports an endeavour is made to forecast the river tendencies which may be expected in the lower Fraser river valley during the ensuing 24 to 48 hours. These forecasts are provided to the comptroller of water rights and the diking commissioner for British Columbia for such action as they and the British Columbia government might deem appropriate.

3. The responsibility for the assessment of the flood potential on the Fraser river rests with the government of the province of British Columbia. Our water resources branch assists that government by supplying the information outlined in the second part of this question. The comptroller of water rights has indicated that a somewhat greater than average snow cover exists in much of the Fraser river basin which might increase to some extent the possibility of flood occurrences. Experience has shown, however, that in most

years there is sufficient snow cover in the basin to result in a flood, but the actual occurrence of flood is dependent primarily upon weather conditions in April and May. Unseasonably cold weather in late April and early May delays the snow melt and the consequent spring rise in the river. If weather conditions were to change and high temperatures prevail, snow melt would be accelerated rapidly and flood conditions could occur. In 1948 weather conditions changed rapidly and high temperatures accompanied by rain prevailed. Since accurate long-range forecasts of weather conditions are not yet possible, there is no way of determining, with any degree of certainty at this time, what changes might take place in the weather during the run-off period. As a consequence it is impossible to predict with any degree of accuracy the flood conditions which may occur in 1956.

Questions

PER CAPITA INCOME TAX STATISTICS

Question No. 398—**Mr. Smith (Battle River-Camrose):**

1. During each of the years, 1951 to 1955, inclusive, what is the income tax per capita for each of the provinces of Canada?

2. During the same period, what amount of income tax per capita was paid by (a) farmers; (b) industrial workers; (c) professional persons; (d) clergy, in each province?

3. During the same period, what is the average tax paid by lawyers, medical doctors, dentists, opticians and teachers, in each province?

Answer by: **Hon. J. J. McCann (Minister of National Revenue):**

1. No information available.

2. No information available.

3. The records of the taxation division are not maintained in such a way as to show the average tax paid by lawyers, medical doctors, dentists, opticians and teachers in each province.

HOUSE OF COMMONS

Wednesday, April 25, 1956

The house met at 2.30 p.m.

UNEMPLOYMENT ASSISTANCE

PROVISION FOR FEDERAL CONTRIBUTIONS TO COSTS IN PROVINCES

Hon. W. E. Harris (for the Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for contributions by Canada, to be paid out of the consolidated revenue fund, in respect of unemployment assistance costs in the provinces.

Motion agreed to.

STARRED QUESTIONS

BANK HOLD-UP, COQUITLAM, B.C.

Question No. 47—**Mr. Goode:**

Have steps been taken by the government to give official recognition to R.C.M.P. corporal Johnstone and the officers and men of the Burnaby, Maillardville and Coquitlam detachments of the R.C.M.P., in British Columbia, for their bravery and attention to duty in thwarting an attempted hold-up at the Royal Bank of Canada, Coquitlam, British Columbia?

He said: Mr. Speaker, I understand that this matter is still under investigation and I ask that this question be allowed to stand.

Mr. Speaker: Question stands.

WAR VETERANS' ALLOWANCE

Question No. 49—**Mr. Knowles:**

1. Has the government, at any time since July 28, 1955, given consideration to proposing an amendment to the War Veterans Allowance Act so as to prevent the amount of the allowance drawn by a recipient thereof from being reduced by virtue of the receipt of the pension under the Old Age Security Act?
2. If so, what is the result of such consideration?
3. If not, is the matter now under consideration?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, in answer to this question I wish to tell my hon. friend that the government always has under consideration all legislation pertaining to veterans' affairs.

As regards the particular amendment suggested by the hon. member in his question, as the hon. member knows, this matter has been discussed many times before this house on the estimates; it has been discussed before various parliamentary committees on veterans' affairs and also on the special committee on estimates last year.

As recently as July 18, 1955, I made a statement on the subject, which appears on page 6333 of *Hansard*. This statement still reflects the thinking of the government on this matter.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRAIRIE FARM ASSISTANCE ACT, MANITOBA

Question No. 390—**Mr. Bryce:**

1. How much assistance was paid during the year 1954 under the Prairie Farm Assistance Act in Manitoba?
2. How was this assistance awarded, by municipalities, in Manitoba, for the year 1954?
3. What was the cost of administration of the Prairie Farm Assistance Act, in Manitoba, for the year 1954?

TURKEY IMPORTS

Question No. 411—**Mr. Charlton:**

1. What were the total imports of turkeys into Canada for the years 1953, 1954 and 1955, giving country of origin and value for duty purposes?
2. What are the grading regulations regarding imported turkeys sold in Canada?
3. What are the regulations regarding packaging of imported turkeys sold in Canada?

TURKEY IMPORTS AND EXPORTS, CANADA-U.S.

Question No. 417—**Mr. Fleming:**

1. What are the volume and value of turkey importations into Canada from the United States of America during each of the last five years?
2. What is the rate of tariff duty applied thereon by Canada?
3. What are the value and volume of turkey exports from Canada to the United States of America in each of the last five years?
4. What tariff duties are applied by the United States thereon?

WILSIL LIMITED, MONTREAL

Question No. 424—**Mr. Knowles:**

1. Has Wilsil Limited of Montreal had any contracts with the federal government or any department thereof at any time since January 1, 1954?
2. If so, with what department or departments, what is the nature of such contracts, and what are the amounts thereof in dollars?
3. Who are the directors of Wilsil Limited?

MOTIONS FOR PAPERS

PIPE LINE CONSTRUCTION—FRANK MCMAHON

Motion No. 68—**Mr. Diefenbaker:**

For a copy of any memoranda taken or made since March 25, 1956, by the Minister of Trade and

Commerce, the Minister of Mines and Technical Surveys, or any official of either of their departments, or by any one on their respective behalf, of any discussion or discussions with Mr. Frank McMahon, connected with or relative to any offer by him and his associates to build or construct a gas pipe line between the Alberta-Saskatchewan boundary and eastern Canada.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I must take exception to this motion concerning memoranda of telephone conversations. I have had a good many telephone conversations in my life, and I have never made a memorandum of any of them. This is a declaration that a minister of the crown cannot talk on the telephone or talk with anyone without tabling a memorandum of the conversation. I think that is going far beyond the purpose of motions for the production of papers. If there is a document which has been received from anyone outside of my own staff I will be only too pleased to table it, but when it comes to tabling memoranda of talks with persons or telephone conversations I must take exception.

Mr. Speaker: Does the hon. member wish me to ask for the yeas and nays?

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, before the question is put and since there is a *Hansard* record it might be well to point out that there is no mention here of telephone conversations.

Mr. Fulton: Have there been any?

Mr. Drew: This injection of a statement by the Minister of Trade and Commerce which seeks to create an entirely different situation than is in fact created by the question itself is something which I regret to say occurs too often. I am making this statement for the purpose of keeping the record clear that the question simply asks for any memoranda that were made. The observations made by the minister in regard to telephone conversations have no relation whatever to this question.

Mr. Speaker: Does the hon. member wish me to ask for the yeas and nays?

Mr. Diefenbaker: Yes.

Mr. Speaker: Those in favour of this motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed to this motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

[Mr. Diefenbaker.]

The house divided on the motion (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss	Low
Argue	Macdonnell
Bell	MacInnis
Blackmore	MacLean
Blair	McBain
Brooks	McGregor
Bryson	McLeod
Cameron (Nanaimo)	Michener
Campbell	Mitchell (London)
Cardiff	Monteith
Castleden	Montgomery
Charlton	Murphy (Lambton West)
Churchill	Nesbitt
Coldwell	Nicholson
Diefenbaker	Pallett
Dinsdale	Pearkes
Drew	Perron
Dufresne	Poulin
Fleming	Quelch
Fraser (Peterborough)	Rea
Fulton	Robinson (Bruce)
Gagnon	Smith (Battle River-Camrose)
Green	Stanton
Hahn	Starr
Hamilton (Notre Dame de Grace)	Thatcher
Harkness	Tustin
Hodgson	White (Hastings-Frontenac)
Johnson (Kindersley)	White (Middlesex East)
Johnston (Bow River)	Winch
Jones	Wylie
Knight	Zaplitny—64.
Leboe	
Lennard	

NAYS

Messrs:

Anderson	Forgie
Applewhaite	Fraser (St. John's East)
Arsenault	Gardiner
Ashbourne	Garland
Batten	Garson
Benidickson	Gauthier (Lake St. John)
Bennett	Gauthier (Nickel Belt)
Blanchette	Gauthier (Portneuf)
Boisvert	Gingras
Bourget	Gingues
Bourque	Goode
Brisson	Gour (Russell)
Brown (Brantford)	Gourd (Chapleau)
Brown (Essex West)	Habel
Buchanan	Hanna
Byrne	Harris
Cameron (High Park)	Harrison
Campney	Healy
Cannon	Hellyer
Cardin	Henderson
Caron	Henry
Carrick	Hollingworth
Carter	Hosking
Cauchon	Houck
Cloutier	Howe (Port Arthur)
Dechene	Huffman
Decore	Hunter
Denis	James
Deschatelets	Jutras
Dickey	Kickham
Dupuis	Kirk (Antigonish-Guysborough)
Enfield	Kirk (Shelburne-Yarmouth-Clare)
Eudes	LaCroix
Fairey	
Follwell	
Fontaine	

Lafontaine
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McIvor
McMillan
McWilliam
Mang
Marler
Martin
Masse
Menard
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (Quebec South)
Proudfoot
Prudham
Purdy
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
St. Laurent (Quebec East)
St. Laurent (Temiscouata)
Schneider
Simmons
Sinclair
Smith (York North)
Stick
Stuart (Charlotte)
Studer
Thibault
Tucker
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)
Winters—134.

PASSAMAQUODDY PROJECT—ECONOMIC FEASIBILITY SURVEY

Motion No. 70—**Mr. Brooks:**

For a copy of all letters, telegrams, memoranda and other documents exchanged during the past three years between any department or officials of the federal government and the international joint commission, the government of the United States of America, and any other government or organization or individuals, relating to a survey or surveys of the economic feasibility of the development of the Passamaquoddy tidal power project.

Mr. Pearson: I wonder whether my hon. friend would allow this motion to stand until I have a chance to discuss it with him.

Mr. Brooks: Agreed.

Mr. Speaker: Motion stands.

BLOOMFIELD R.R. NO. 1, KINGS COUNTY, N.B.

Motion No. 71—**Mr. Brooks:**

For a copy of all letters, telegrams, memoranda and other documents exchanged during the past two years between the Postmaster General or any officials of his department and any organizations or individuals, relating to the extension of the Bloomfield rural route No. 1, Kings county, New Brunswick.

POLIOMYELITIS

SALK VACCINE—STATEMENT AS TO DISTRIBUTION

On the orders of the day:

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, yesterday the hon. member for Humboldt-Melfort (Mr. Bryson) asked two questions, of which one was answered but the second was not. It reads as follows:

Is it true that further supplies of Salk vaccine to Saskatchewan have been postponed indefinitely?

The answer to that question is no. Arrangements for the supply and delivery of the vaccine are worked out between the various provincial governments and the manufacturer, Connaught medical research laboratories. The federal government contributes 50 per cent of the cost of all vaccine purchased by the provinces and all provinces are treated alike both in regard to payment for the vaccine and its distribution.

Connaught laboratories, now the sole Canadian producer, have already made three shipments of vaccine totalling some one million doses, of which Saskatchewan has received its proportionate share. Further shipments will be made as additional lots are released for delivery following the extensive testing for safety and potency which is carried out both at the producing laboratory in Toronto and at the federal laboratory of hygiene here in Ottawa. All provinces are receiving equal treatment and will continue to share equitably all supplies of vaccine available for use in Canada this year.

COMBINES INVESTIGATION ACT

MANITOBA—ALLEGED RESTRICTIVE SALES AGREEMENTS AMONG BREWERIES

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, may I direct a question to the Minister of Justice arising out of the answer to the question which I addressed to him yesterday with respect to the Manitoba breweries? The answer he gave yesterday was appreciated and it was interesting but it was not a reply to my question. Perhaps I may be permitted to repeat the question at this time. The question was this. In view of the recent disclosure by a representative of the Manitoba breweries that restrictive sales agreements have been in effect among the Manitoba breweries since 1936, is it the intention of the minister to order a further investigation into the restrictive trade practices of Manitoba breweries?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I think that my reply, if my hon. friend understood it correctly, was—as it is in fact—an answer to his question because the restrictive agreements to which he refers in his question and those to which I referred in my reply I apprehend are the same agreements.

Department of Transport Act

PARLIAMENT BUILDINGS

INQUIRY AS TO RESUMPTION OF ELEVATOR SERVICE IN PEACE TOWER

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Minister of Public Works. In view of the great number of visitors that are now visiting these buildings or will be during the next few months, how much longer is it going to be before the elevator in the peace tower is in operation?

Hon. Robert H. Winters (Minister of Public Works): I will take that question as notice, Mr. Speaker.

TRANSPORT

CONTINUATION OF AUTHORITY TO MAKE REGULATIONS AND APPOINT CONTROLLERS

The house resumed, from Tuesday, April 24, consideration in committee of the following resolution—Mr. Marler—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to provide for the continuation for a further period of two years of authority to make regulations for the control of transport of goods in bulk including, amongst other things, the appointment of one or more controllers and one or more deputy controllers to carry out the provisions of such regulations and the payment of their remuneration.

Mr. Marler: All I can say in reply to the laughter from the other side is that I shall be happy when I can speak with the wisdom of my hon. friend, the Minister of Trade and Commerce.

Mr. Argue: So will we.

Mr. Marler: When my hon. friend is halfway there, I think he will find he has more chance of getting on this side of the house.

Mr. Argue: Oh, oh.

Mr. Marler: Mr. Chairman, if the hon. member for Assiniboia will allow me to continue my remarks without benefit of his numerous interruptions perhaps I may be able to answer some of the questions that were brought up during the course of the discussion yesterday. When we adjourned last evening I was attempting to reply to the inquiry of the hon. member for Brandon-Souris as to whether there was in fact an absolute shortage of box cars in Canada. I thought, Mr. Chairman, that the facts relating to the crop year 1952-53 were eloquent testimony to the fact that the number of box cars in Canada required to move a good crop were available, and that what had been done in 1952-1953 when the total export shipments of wheat and other grains amounted to something more than 400 million bushels was a demonstration of the ability of the railroads to move a crop of the dimensions of that which we had in 1952-1953.

During the course of the discussion yesterday afternoon there was some reference to the situation with regard to the position of Canadian railways vis-à-vis the United States railways in the matter of box cars.

The hon. member for Kindersley referred to some of the figures but I do not think he gave a complete picture of the situation. Unfortunately for the Canadian railways perhaps, the matter of the movement of cars is not confined solely to box cars. In their relations with the United States railways account must be taken of the over-all picture. Account also must be taken of the fact that the movement of finished paper from Canada to the United States necessitates the use by Canadian railways of the best box cars they have in their inventory. I am sure that the hon. member will appreciate that once those box cars get on to United States lines, being of good quality they are not returned with the same celerity as would be the case if they were not so suitable for all kinds of traffic.

The Canadian railways are under a disability merely because of the number of the shipments of newsprint that are taking place. This is an additional drain on the supply of good box cars in Canada, if I may express it in those terms.

I do know as a matter of fact because I have had an opportunity of discussing the question with the president of Canadian National Railways—and I am sure the same applies to the Canadian Pacific Railway—that Canadian National Railways is making every effort to get back the cars that belong to it through the American Association of Railways. The Canadian Pacific Railway, of course, is doing the same thing as far as its cars are concerned.

When one takes a look at the over-all picture one finds that in a general way there is a more or less even balance between United States cars on Canadian lines and Canadian cars on United States lines.

I will agree that the box car situation in particular is unfavourable as far as the Canadian railroads are concerned. I would like to emphasize that the transport controller has no more power over Canadian box cars going to the United States than has the president of the Canadian National Railways himself. I do not think, Mr. Chairman, that is a factor in the conditions to which the hon. gentleman referred yesterday.

When one looks at the over-all problem of transporting grain from country points to the west coast, the lakehead or the Atlantic

ports, I think one realizes that the timing of the movement, the nature of the demand, the place where the exports leave the country and the time at which they leave are all factors which influence the immediate availability of box cars.

I think the railroads have been operating under unusually difficult conditions in this particular crop year, Mr. Chairman.

In his evidence before the standing committee on railways and shipping Mr. Gordon said, speaking of the weather conditions:

> Our snow plow miles in western Canada were 270,000 compared with an average of 30,000 in some years.

I think that is a clear indication of the difficulties which the railroads have had to meet during the last season. It is significant, Mr. Chairman, that despite these difficulties, which not only affect the country in the west but also in the east, the level of shipment from the Atlantic ports this year reached what I understand to be an all-time high of some 44 million bushels up to the present time.

After listening to the discussion on this resolution I think it is reasonable to say there is a very real misconception as to the powers and duties of the transport controller with regard to the allocation of box cars.

A number of the hon. members who spoke created in my mind at least the impression that they believe it is the responsibility of the transport controller himself to allocate box cars at particular country points. This is not in accordance with the facts nor is it in accordance with the practice and I do not believe it is justified by the terms of the statute.

My understanding is that the only authority for the movement of grain is the Canadian wheat board. The board has power to distribute cars as between grain companies at a country point. It may prohibit the loading to any destination or may instruct that grain of certain grades be loaded to specific destinations. The board issues to the railways a weekly statement showing the number of cars required at each shipping point in western Canada to meet the delivery quota in effect at the point and their instructions to the railways in general are to place cars at those points where the statement indicates the greatest need. These general orders are often countermanded at specific points by orders to ship certain grades of grain required in forward positions to complete sales for export or for domestic use. The grain companies operating grain elevators, both pool and line, receive orders from the wheat board to ship specific quantities of specific grade to specific destinations.

The grain companies decide from what point they wish to ship the required quantity and furnish a list of the proposed shipping points to the Canadian wheat board.

The board approves of the list of shipping points with or without changes and the grain companies then order the cars through the local railway agent at the points. That is the sole method of car distribution for wheat, oats and barley.

The duties of the transport controller are to see that when export sales are made by the Canadian wheat board or other exporters the grain sold will be at the ports required when ocean vessels prepare to load.

To accomplish the duties above mentioned it is necessary for the traffic controller to keep constantly in touch with country elevator shipments, the Canadian wheat board and other exporters, the railway terminals both lakehead and eastern, and vessel companies both inland and ocean going.

As the transport controller has pointed out to me, the fact that over 1,400 million bushels of grain have been shipped for export from Canadian ocean ports without delay or demurrage due to transportation reflects credit on those engaged in working out the problems of the transportation situation in Canada.

I know and the transport controller knows that there were five or six vessels in demurrage in Vancouver in the early part of this year. I understand that the difficulty arose not from any action of the transport controller or the railways but owing to the fact that the grades required were not in position at the appropriate time and this is not the responsibility of the transport controller. I am sure that hon. members will fully understand it is not the responsibility of the railways.

The duties of the transport controller, as I said a moment ago, have never included the distribution of box cars as between stations or between companies at a station but consist solely of the duties I have just outlined. I think that possibly the actions of the transport controller in the past may have perhaps fostered the impression that he did have responsibility for the distribution of cars as between stations or between companies because he tells me that in the belief he could be of assistance he has dealt with hundreds of complaints from stations in western Canada without turning them over to the wheat board, where it seems to me they belong. He tells me that there has never been a communication which he has received which has been neglected or disregarded although no part of this particular function was a part of his duties.

Department of Transport Act

I wonder if I could give some information with regard to the movement of grain during this season which is very much in our minds, that is from the middle of December 1955 up to the present time. I took the trouble this morning to get the latest information available. I am sure hon. members will be interested in knowing—this is by way of comparison—that between December 15, 1954 and April 20, 1955 the railways shipped from country points 63,011 cars, and between December 15, 1955 and April 20, 1956, despite the handicap of the weather conditions to which I alluded a moment ago and which I think are particularly well known to hon. members from the western and the maritime provinces, the railways shipped 81,546 cars. They shipped nearly 20,000 more cars this year than in the same period during the last crop year 1954-55.

Mr. Argue: May I ask a question at this point. Has the minister available figures for the last crop year, that is from August 1, 1954 down to the date he mentioned, and for the period August 1, 1955 down to the comparable date? In that way we would have a comparison for a larger part of the two crop years.

Mr. Marler: I have figures here dated April 24 which indicate that the cars loaded during the previous crop years were 185,069, whereas in the current year from August 1 the total was 174,770, a difference of a little more than 10,000 cars.

I do not want to deal at too great length with statistics, but first may I say that I am sure that hon. members opposite will understand fully that I make no pretentions whatever to being an expert either in the transportation of grain or on wheat and such similar topics as may be more familiar to hon. members from the western provinces. Looking at the matter impartially it does seem to me that what took place this year is practically exactly what has taken place in the past. I was most interested in having the opportunity the other day to look at a comparison of loadings at country points with shipments for export. This was presented to me in the form of a graph and I was amazed to find, although it is not really surprising, that the line representing export clearances is practically always parallel to the line shipments from country points. I hope I have made that clear. In other words, there is a direct relationship between country shipments and export clearances.

I am sure that that does not surprise anybody. But just as it does not surprise hon. members, surely it is not surprising either to note that when your export shipments drop there is a corresponding drop in your shipments from country points. I cannot help thinking that a great deal of what has been said on the subject of box cars, the difficulties of moving wheat and so on, are directly related to the volume of export shipments. When export shipments are higher the shipments from country points are correspondingly higher.

In considering the functions of the transport controller one must bear in mind that he is not the salesman of our wheat. It is his function to co-ordinate rail and water movements so that the wheat moves forward for export in an orderly fashion. I think I have enough objectivity and enough disinterestedness in looking at this question to say that I believe firmly that Mr. Milner has done an excellent job while he has been transport controller. I was sorry to hear the hon. member for Yorkton make some comments last night with regard to Mr. Milner's former occupation which it seemed to me really were not justified by Mr. Milner's record while he has been transport controller.

As hon. members know, he has been acting as transport controller, first of all under the regulations which existed before 1954 and more particularly under the act which we are now discussing since July 1, 1954. I think he has done an excellent job and I feel perfectly sure that at times when criticism is voiced rather generally in connection with conditions for which he is not responsible, he must feel greatly tempted to retire into fields where criticism is less plentiful and where commendation is more widely expressed.

Mr. Argue: Mr. Chairman, if the transport controller should be sensitive to criticism, as the minister has just now stated, I imagine that the cruellest blow which the transport controller has yet received was that delivered during the current session by the right hon. Minister of Trade and Commerce when he said that if there was a bottleneck in the whole grain picture it was in connection with box cars and transportation. The first prominent person that I know of having to do with grain in this country who alluded to the shortage of box cars, fictional shortage or otherwise, was the Minister of Trade and Commerce. Apparently when he saw that exports were going down he said, "Well, they would not be going down, at least not quite so far, if it were not for this shortage of box cars and this difficult situation in regard to transportation."

I listened most carefully to the Minister of Transport this afternoon and last evening and I have not heard him say what are the functions of the transport controller, what

the transport controller does. I have been endeavouring for years to find out just what the transport controller does, when he is in Ottawa or in Winnipeg and is not some other place. I do know that he acts as a kind of clearing house for beefs, that if there is a shortage of box cars at one particular point that is brought to his attention perhaps something is done to correct that situation; but apart from that I do not know what the transport controller does. The Minister of Transport this afternoon has told us that in fact the whole authority for the shipment of grain and for the assembling of grain, the authority to ban the use of box cars for various grades of grain, are all the responsibility of the Canadian wheat board, and that if there is any blame about shortage of grades and demurrage and so on it is the wheat board's responsibility. I suggest to the minister that the transport controller has ample authority to do whatever he may now be doing and, in addition to doing that, to control in fact the transportation of grain, to control in fact the allocation of box cars between delivery points. I should like to go one step further. He has sufficient authority to see that there is a fair allocation of box cars among the elevator companies at each delivery point, so that the farmers may at long last, if such were done, have the opportunity to deliver the grain to the elevators of their choice rather than to whatever elevator may in fact be given the box cars.

The extension of the section of the Transport Act that we are now considering reads in part as follows:

> Notwithstanding anything in any act, the governor in council may make regulations for the purpose of ensuring the prompt, efficient and orderly transport, by means of ships or by a company to which the Railway Act applies, of goods in bulk and, without restricting the generality of the foregoing, may make regulations respecting:
>
> (a) the use, operation or supply of transport and storage facilities;
>
> (b) the quantities of any goods in bulk to be transported or stored, either generally or with reference to any particular goods, persons, time, place or facilities, including priorities respecting transport and storage;

I would like to know how legislation could be drafted with language any more all-embracing and all-powerful as regards the assembling of box cars for grain or for any of the other goods mentioned a little later on. I believe that within this act to which I have now referred the transport controller has complete and adequate authority to deal with the distribution of box cars in order to remove the very grave inequities in their distribution that now prevail.

It is all right to quote figures to show that shipments of grain in this crop year to date—or a date approaching today—are almost as good, within 10,000 or 11,000 box cars, as they were a year ago; but, even if they were better, that does not remove the very grave inequity in the distribution of box cars. I have here the wheat review for March, and it refers to the number of elevator shipping points in western Canada on various quotas. Let us take the two-bushel quota. On April 4 of this year there were in Saskatchewan 481 points on a two-bushel quota. I wish to explain to hon. members that a two-bushel quota at this time is a low quota. Points that are more fortunate are on four or five-bushel quotas. On the low two-bushel quota, there were 481 Saskatchewan points, but only 85 Manitoba points and only 197 Alberta points.

There is an obvious demonstration that, as between the shipping points in Saskatchewan and Alberta and as between the shipping points in Saskatchewan and Manitoba, there has been and there is a very unfair distribution of box cars.

I now refer to the one-bushel quota. We are almost in sight of the end of the present crop year. On April 4 there were in Saskatchewan still 205 points, out of 1,107 points, still on a one-bushel quota. In Manitoba there was just one point on a one-bushel quota, and in Alberta just 15 points on a one-bushel quota. Here is discrimination of the very worst kind, and I object as a member from Saskatchewan to this kind of allocation of box cars which on April 4 of this year leaves 205 points in Saskatchewan on a one-bushel quota, as compared with only 16 points on a one-bushel quota in Manitoba and Alberta combined.

Certainly there is no excuse, with the wide powers that are given to the transport controller, for this kind of situation to prevail. We in the C.C.F. now for a number of years have been endeavouring to get a fair distribution of box cars. We have been asking that the farmers be given the right to apportion box cars among elevator companies. So far the government has turned a deaf ear. It has been unprepared to do anything to establish a formula or a means by which a fair distribution of box cars might be brought about. Certainly there is no lack of power; the power is here, and I hope that the government will use that power, through the transport controller and through anyone else that may have power in this field, to bring about a fair distribution of box cars.

The Minister of Transport has said this afternoon that there is no shortage of box cars. Mr. Roy Milner, the transport controller, had this to say in Regina on March 9, 1956, in regard to this question:

> Please understand I am not imputing to any person improper motives in putting this stuff in

the paper about box car shortage—box car shortage —everytime I pick up the paper, but it is not fair to leave the thing—that there is a box car shortage.

I do not know whom to believe. Somebody in authority says there is a box-car shortage; somebody else says there is no box-car shortage. They are just given the run around. In the meantime thousands of producers in western Canada have been able to deliver what amounts to practically no grain in this current crop year as compared with what they might expect to deliver in a normal period.

Mr. Howe (Port Arthur): May I ask the hon. member a question?

Mr. Argue: Surely.

Mr. Howe (Port Arthur): Is he aware that there is 80 million bushels of unused space in the country elevators of western Canada at this moment?

Mr. Argue: Now we are going to hear that from the minister. The fact remains that the situation to which I referred has not been brought about by snow, by bad roads, by weather or by an act of God. Manitoba has had far more snow than Saskatchewan; it has been a record in Manitoba. Yet the Manitoba points have much higher quotas, as I have already stated.

Mr. Howe (Port Arthur): You are dodging my question.

Mr. Argue: If the Minister of Trade and Commerce will equalize the quotas in the next two months, I assure him the farmers will take care of filling any elevator space there might be at individual marketing points. We would like to find out who has the authority to move the grain.

Mr. Howe (Port Arthur): On that point, I think the provinces are responsible for keeping their roads in shape so that deliveries may be made.

Mr. Argue: We heard that in Regina a few weeks ago. Now the Minister of Trade and Commerce implies that it is the provinces that are responsible for the fact that there are no quotas to speak of at 300 or 400 marketing points in Saskatchewan and there are high quotas at other marketing points. I think it is time the Minister of Trade and Commerce went out to Saskatchewan, Alberta and Manitoba and saw what the conditions are, instead of this loose talk about opening roads. There is not enough equipment in Saskatchewan or Manitoba or Alberta to open ten to 20 per cent of the roads when they are blocked with a record snowfall as they were a few weeks ago.

Mr. Howe (Port Arthur): Are we to blame the transport controller for that?

An hon. Member: You cannot have it both ways.

Mr. Argue: No one is endeavouring to blame anyone for the weather, but neither can the Minister of Trade and Commerce blame the weather for the bad distribution of box cars. The weather has nothing to do with it. I have never heard of the weatherman ordering the distribution of box cars yet. It is a matter of the government dividing the authority three ways and then giving parliament and the farmers the run-around. The transport controller has ample authority but the transport controller does not want to use it. On March 9 he gave evidence before a special select committee of the Saskatchewan legislature and in the transcript of his evidence I find that he said this:

Now, gentlemen, there is only one authority to move grain in Canada, and that is the Canadian wheat board.

Mr. Milner has all the authority parliament can give him, but he says the power rests with the Canadian wheat board. Donald Gordon of the C.N.R. blames the Canadian wheat board. Apparently there is a conspiracy to blame everything on the Canadian wheat board. The wheat board has by far the most efficient people to be found in the administration of the Department of Trade and Commerce. I have had certain critical things to say about the wheat board in the past and I will probably have certain critical things to say in the future, but under all the circumstances the wheat board is doing by far the best job that is being done by any branch or any other officials in the Department of Trade and Commerce.

The transport controller has the power but he blames the wheat board because he says the board has the power. The Minister of Trade and Commerce has got plenty of power also. He has never been short of power but he has been telling us this session that the trouble is really a box car shortage and the transport controller tells him in so many words that he really does not know what he is talking about because there never has been a shortage of box cars. The transport controller wants to blame the wheat board. One would expect that if the wheat board had the power to allocate box cars that would be the end of it and that would be all the transport controller would have to say on that point, but on page 25 of the same transcript of evidence Mr. Roy

Milner was asked this question by Mr. Woods, counsel for the committee:

Q. Then the railways, under a general order or arrangements, which you have given to them, or arranged with them, they, in effect then, allocate the cars?
A. That's right.

Mr. Milner has all the authority. First he said that the wheat board had the authority and then a few pages later he said that the railway companies have the authority, that they are the people who allocate box cars. The fact is that the railway companies are allocating box cars. Donald Gordon and company are in the saddle. They are the people who are allocating box cars.

An hon. Member: The people's railroad.

Mr. Argue: The people's railroad. The people were not consulted when Donald Gordon was appointed head of the railway. We have the transport controller who apparently has no authority over Donald Gordon and no authority over the allocation of box cars because he says it is a matter for the railroads. Then there was another question put to Mr. Milner by Mr. Erb. He asked him this question:

Mr. Milner, what jurisdiction do you exercise over the box cars on tracks in the Rockies?

We have heard a lot about the shortage of box cars and the fact that demurrage was paid on certain quantities of grain in the port of Vancouver. This was Mr. Milner's answer:

I have no jurisdiction over that at all, sir.

The transport controller apparently has no authority. According to him, he is not allocating box cars. It is little wonder then that the country is in the great mess it is in now as far as the transportation of grain is concerned. Under this legislation the transport controller has complete authority to carry out any order by the governor in council for the distribution of box cars. The government can take whatever action is necessary to see that the producers of western Canada are given a square deal in the distribution of box cars. But when it comes to something that affects the welfare of the western producers the government does not use its authority. It does not instruct Donald Gordon, the head of the C.N.R., to bring about a better system of box car distribution. But if the government will not use its authority, as it has not, to bring about a better distribution of box cars in the interests of the producers there is and has not been any hesitation on the part of the government in using its authority and using threats in the case of the railway workers whenever there happens to be a discussion about increased rates of pay or anything else having to do with benefits for the railway workers.

The Prime Minister made a statement in Toronto yesterday to the railway workers which they consider an unfortunate statement and an affront. I wish the Prime Minister were just as willing to use the authority of parliament in the interests of the producers and the assembling of grain as he apparently is in the case of the settlement of disputes involving the railway workers. I suggest to him that he should give Donald Gordon two orders at the present time, first, to distribute box cars on a fair basis and, second, to settle with the railway workers on the basis of the majority report. By so doing he will ensure labour peace in the country and will ensure a better and fairer distribution of box cars.

This legislation has much to commend it. The legislation as I have read it is adequate. The power and authority are adequate but the power and authority are not being used. It is high time that somebody in the grain business used the power and authority to provide farmers with a fair distribution of box cars so that they can deliver adequate quantities of grain and can deliver grain to the elevator of their own choice.

Mr. Nicholson: Mr. Chairman, I feel that the Minister of Transport or the Minister of Trade and Commerce should make a few comments after the very constructive suggestions made by the hon. member for Assiniboia. In my opinion it just is not good enough to laugh at the situation when in the province of Saskatchewan we have a one-bushel quota at 20 per cent of the shipping points whereas in Manitoba they have a one-bushel quota for about one-quarter of one per cent and in Alberta a one-bushel quota for 3 per cent.

I realize there are people in this country who do not like the kind and quality of government we have in Saskatchewan, but there are people in Saskatchewan who support the federal government and I think it is undemocratic to put the people of our province in the position on the 4th of April, 1956 where, after having incurred all the necessary expenses in connection with farming operations, they find that at 205 points in the province out of a total of 1,107 there is only a one-bushel quota.

I think the suggestion of the Minister of Trade and Commerce that the provincial government has fallen down with respect to its responsibility is at least two months out of date. I hope it will not be very long until the roads in Saskatchewan are as good as they previously were. However, if there is a lot of space available in the province, why does the minister limit us to a one-bushel

quota at 205 points, to a two-bushel quota at 481 points and a three-bushel quota at 290 points? The great bulk of the shipping points in the province are in the category where they have a one, two or three-bushel quota.

Mr. Blackmore: Would my hon. friend permit a question for the sake of information? Could my hon. friend give the committee any idea what percentage of the points in Saskatchewan on a one or two-bushel quota are prepared to deliver No. 2 wheat compared with the number in Alberta on a one or two-bushel quota which are prepared to deliver Nos. 3 and 4 wheat? Would that make some difference?

Mr. Nicholson: I can speak from our own experience. We have some exceptionally good wheat left over from last year and some very poor wheat left over from 1954 and we have a one-bushel quota. We had it when I was home at Easter time. In spite of the fact that we have that one-bushel quota, we could not deliver a bushel at all to the pool elevator in our shipping point. It is not because the grain is not available. I have not any statistics here but I am sure that there is a variety of all grades of wheat available in Saskatchewan if the orders are directed there so the elevators can ship out.

Mr. Blackmore: May I ask another question?

Mr. Nicholson: Yes.

Mr. Blackmore: I am just trying to get at the root of this thing. There is a large percentage of wheat in Alberta that is No. 3 and No. 4 because of the fact that we have so much more rain and frost very often. I understand that there is a greater demand for No. 3 and No. 4 at the present time for export than there is for No. 2. Am I correct there?

Mr. Nicholson: Yes. I think the hon. member is correct. But we also have northern lands in Saskatchewan where we have our share of rain and frost and where we have quite a large volume of lower grades as well. On balance I think we probably have as large a percentage of the lower grades in Saskatchewan as they have in Alberta. But in our province it so happens that the cars have not been available, and our people feel that a real injustice is being done.

Mr. Blackmore: May I ask my hon. friend one more question?

Mr. Nicholson: Yes.

Mr. Blackmore: I am really seeking for information. If there is not export demand at the present time for No. 2 wheat at any considerable number of these points on two-bushel quotas which are producing No. 2, then might it not be difficult to provide them with box cars, whereas it would be more easy to provide box cars where No. 3 and No. 4 are being produced?

Mr. Nicholson: I wish to assure my hon. friend that we have ample quantities of all grades in all parts of the province and that, as far as I know, there is not any problem about getting the specific grades that are required in the export trade. But while we have had some trouble about roads in the last couple of months, certainly when parliament met here in January there was no justification then for the Minister of Trade and Commerce to suggest that we had this large volume of space available in the terminal and interior elevators because the farmers were unable to deliver. Certainly when parliament met, as far as the province of Saskatchewan was concerned, most of our roads were open and the farmers would have been prepared to deliver grain. But in answer to a question asked by the hon. member for The Battlefords on January 20, the Minister of Trade and Commerce told him that at that date we had space for 700,000 bushels at the interior elevator; that we had space for 8,200,000 bushels in Vancouver-New Westminster; for 400,000 bushels at Victoria; for 700,000 bushels at Prince Rupert; for 600,000 bushels at Churchill; and that at his own lakehead ports of Fort William and Port Arthur, there was space for 34,800,000 bushels; at eastern terminals, bay and upper lake, 6,100,000 bushels; lower lake and upper St. Lawrence, 1,200,000 bushels; lower St. Lawrence 4 million bushels; and maritimes, 1,500,000 bushels.

In the light of the agricultural crisis which exists in all parts of Canada but particularly in the prairie provinces, I can see no justification whatever for having in our terminals space available for something over 58 million bushels and then on April 4 having in our province of Saskatchewan 205 points where they have a one-bushel quota. Certainly as far as the elevators up in our area are concerned, I would say this. When I was home at Easter time most of the pool elevators found that they were plugged to capacity, and some of the people who had a one-bushel quota still had not been able to deliver the one-bushel quota to their own elevator.

There is one other factor which has not been mentioned to date and I think it is important. It has been suggested by hon. members from time to time that the Crowsnest freight rates should be revised and that the railways are not receiving a sufficiently

attractive return to move grain when it is possible to move lumber, paper and metals and a great many other varieties of goods that carry a much higher freight rate. I imagine that there is some point to the railways' claim that so long as the movement of these other commodities is so profitable they might be excused for ignoring the need for moving this grain and keeping 58 million bushels of space empty in our elevators and keeping the farmers in the position where they cannot sell their grain and cannot prepare for another year's operations.

An increase in the freight rates, as suggested by the railways, in order to give them a profitable return on the movement of grain I am told would "up" the price at least 12 cents a bushel. With our sales in the export market going down month by month and year by year I think it is fairly obvious that we cannot ask the farmers to pay an extra 12 cents a bushel on freight rates. I also think it will be generally agreed that it is not in the best interests of Canada to knock this industry out of the ring entirely. Hence I think it becomes a matter of national concern to see that there is a transport controller who has authority to see that this elevator space is filled and to see that somebody takes responsibility for the injustice which is done to the people in Saskatchewan where 20 per cent of all the shipping points are limited to a one-bushel quota compared with one-quarter of 1 per cent in the province of Manitoba.

I think it is a matter of some concern when we find that the total exports of wheat and flour have been decreasing as substantially as they have been decreasing as reported in the last *Wheat Review*. For the 1954-55 period we find that our total was 152·3 million bushels. This year we are down to 136·7 million bushels. Then to balance that, as of March 1 the item for export and for carryover has increased from 599·2 million to 697·1 million, an increase of roughly 100 million. Hence before the item carries I think the Minister of Transport or the Minister of Trade and Commerce on behalf of the government should make some commitment with a view to correcting the injustice which is done to the farmers in the province of Saskatchewan.

Before I sit down perhaps I should also ask the Minister of Trade and Commerce to comment on one other question. While he was in Hamilton speaking the other day his parliamentary assistant issued a statement with regard to the international wheat agreement negotiations in which it was pointed out that there is likely to be a reduction of about 50 per cent in the amount that Canada will be likely to sell under the terms of the international wheat agreement. In view of the fact that over 80 per cent of last year's wheat is still on the farms and in view of the difficulty there is in getting what is on the farms moved, I wonder whether the Minister of Trade and Commerce, as the minister responsible for the marketing of wheat, is prepared to give any indication as to whether the farmers in the prairie provinces should review again their seeding plans for this year and reduce the planting for this crop since so little progress has been made in connection with the solving of the problems of the moving of this grain.

Mr. Quelch: I should like to say just a few words on this resolution. In that part of Alberta which I represent, in the past there has been a good deal of confusion regarding the setting of quotas. In the early part of 1955 the farmers were told that there were plenty of box cars but no orders. Then, later in the year the situation became reversed and apparently there were plenty of orders but no box cars. Now, fortunately, the situation seems to be improving and the number of orders seems to be increasing at all points as well as the number of box cars.

The Alberta Wheat Pool Budget of April 20 gives an optimistic picture of the situation. It says:

> Big Grain Movement Foreseen
>
> A start has been made on what may be a record summer grain movement for Canada. With the great lakes and the St. Lawrence open for navigation the tempo of grain exports has been greatly increased. Up to April 4 Canadian exports of wheat totalled 162·2 million bushels but it was conceivable that, barring unforeseen difficulties, this figure could almost be doubled by the end of July. In 1954-55 Canada exported 252 million bushels.

It would appear as though the situation is going to be greatly improved before the end of the crop year. When I found any point which had a quota very much lower than nearby points, I used to write to Mr. Roy Milner. During the last few months it was recommended that I write to the wheat board, so I have been writing the wheat board and I must admit I have received very prompt action on every occasion when I have drawn to their attention that certain towns might have only a one-bushel quota while adjoining towns had a quota of two or three bushels. I found prompt action was taken to try to bring up that town to a similar level to the others. I might say, too, that when I used to write Mr. Milner I also got prompt action. Sometimes I would take it up with somebody in Ottawa, and apparently it was only a lady clerk in town here but I seemed to get good action just the same.

It does seem to me that there has been an attempt here to make it look as though Alberta is getting preferred treatment over Saskatchewan. The hon. member for Assiniboia, and I think the hon. member for Mackenzie, mentioned that in Alberta and Manitoba there were only 16 points that had less than a one-bushel quota. Well, I believe the point raised by the hon. member for Lethbridge is probably partly the explanation. Again, I should like to quote from the Alberta Wheat Pool Budget for April 20:

> Last year a large proportion of the prairie wheat crop was 2 Northern and this grade has proved to be about the most difficult to sell. Most of the 5 and 6 wheat which has been plugging elevator facilities for some time has been cleared out and there has been a strong demand for 3 and 4 Northern but the top grades have been moving more slowly. This has worked against the farmers in southern Alberta and Saskatchewan as it has made it difficult to maintain good shipments out of those areas.

I think that is probably the explanation. I do not believe for one minute there would be any reason to discriminate against Saskatchewan as compared with Manitoba or Alberta. There have been times when Saskatchewan had a better quota than Alberta. I believe over a long average we will find that Saskatchewan will get just as good a deal as Alberta or Manitoba.

I am glad that this resolution has been introduced. We have gone through very difficult times, which I think are largely the result of exceptionally heavy crops. There has been a certain amount of what appeared to be discrimination, but generally when you investigate you will find there is a reason why certain points have had a poorer quota than others. I must frankly admit that, generally speaking, in all the deals I have had with the wheat board and the transport controllers a real attempt was made to solve the difficulty that was brought to their attention.

Mr. Low: I have just a word or two to say, Mr. Chairman, before the resolution is brought to a vote. I listened to what the minister said in his initial statement this afternoon, and it did seem to me at that time that the real difficuly existed with respect to the length of time which United States railroads kept our top quality box cars in their country. In that regard I should like to ask the minister if there is anything in the international agreement or any agreement that exists between Canadian and United States railways, which would prevent Canadian railroads from imposing a very heavy demurrage charge after a reasonable time from the date when the car left Canada. Now, it seems to me that if we did have the authority to impose such a heavy demurrage charge per diem the United States railways would be more anxious to get the cars back here in good time. As I say, there may be some reason, by way of an international agreement, that forbids us doing such a thing.

Then, I should like to say one other thing. Some mention has been made this afternoon of the discrimination against certain areas. The Peace river country has been in a difficult position with respect to car allotments over the years, largely I think for the reason it is a longer haul and is quite isolated. On numerous occasions I have found it necessary to get in touch with Mr. Milner. I thought he was the man with whom to communicate with regard to the supply of box cars in that country. Whether or not he was charged with that responsibility, each time I got in touch with him he got action. But I learned later that what he really did was to communicate with the wheat board and ask them to place orders for the shipments of quantities and qualities of wheat available, and that were needed for export, in the Peace river country. Whenever he did the wheat board did put box cars into the Peace river area and the towns and villages that had felt the discrimination were soon served.

Now, I just wanted to say that in defence of Mr. Milner. He got action, and I have no complaint whatever about the manner in which he has handled any business that I have had to take to him. For that reason I believe we would be justified, at least on the basis of my own experience, in extending the time of this amendment.

There is one thing which I think ought to be done. From what I have heard here this afternoon, considerable confusion seems to exist about the functions and powers of the transport controller. It seems to me that some very specific and clear statement ought to be made to the members of the committee about those functions so that we would know exactly where we should go to get these so-called discriminations rectified. Would the minister be prepared to give us a statement on any regulations that have been passed in his department setting out the powers and functions of the controller, and relating those powers and functions to the powers and functions of the wheat board and the Department of Trade and Commerce? If we had those things clarified for us I am quite certain there would not be the criticism of Mr. Milner that we have heard in the past few days. I would thank the minister if he would make that quite clear.

Mr. Marler: Mr. Chairman, the hon. member in effect has just mentioned two

questions. One is the question of the arrangements between the railroads with regard to the exchange of rolling stock. I might refer the hon. member to what Mr. Gordon said in the sessional committee on railways and shipping. I think the reference is page 210. I think the hon. member will find there a broad statement of the situation.

Mr. Low: Would the minister give us the date?

Mr. Marler: I am sorry.

Mr. Low: What year is it?

Mr. Marler: It is this year's committee on railways and shipping and the reference is found on page 210 and 211. I am merely going to quote one or two phrases from Mr. Gordon's evidence. He said:

> Under the regulations every railway is committed to return the cars of another company by the most direct route.

That is the understanding among the members of the American Association of Railroads. He goes on to say:

> When an American car comes into Montreal we are supposed to return it to them by the most direct route. We are not permitted to send it around to western Canada, for instance. We have to send it back although we are allowed to use it in load. There are, however, stipulations that we cannot keep it waiting indefinitely because we have not got a load.

Actually, Mr. Chairman, the arrangements between the railroads with regard to the use of rolling stock are, I think, mutually advantageous in a general sense providing they are carried out by all parties concerned. I think hon. members will realize the great difficulties, particularly when you have good rolling stock, in getting it away from railroads with less good rolling stock. There is a tendency in the railroad business to keep what one can as long as one can get away with it.

Mr. Low: The suggestion I made concerning a charge for increased demurrage for every day they keep the car out would be a good one?

Mr. Marler: If it were just related to box cars there might perhaps be some particular advantage. I would suggest that my hon. friend might like to see the distribution figures as between other cars. The hon. member would find that very often the balance against us is for refrigerator cars. Hon. members from the maritime provinces would be very much annoyed if anything were done to cut down the number of refrigerator cars. A good deal depends on whose ox is being gored at the particular moment.

Mr. Low: There would be some mutual advantage in hanging on?

Mr. Marler: It is a good idea to keep your ox out of the way, I think.

The other question was with regard to the regulations. I think what I said earlier with regard to the functions and duties of the transport controller does set forth, perhaps in a summary way, the functions that are carried out by Mr. Milner. I might draw to the attention of my hon. friend regulation P.C. 1954, No. 809, dated June 1, 1954. If the hon. gentleman has any difficulty obtaining a copy, I would be glad to make one available to him.

Mr. Low: Thank you very much.

Mr. Johnson (Kindersley): Mr. Chairman, there are two questions concerning which I would like information. One relates to a question I placed on the order paper concerning the authority for making the appointment of the deputy transport controllers. The other part of the question asked who made the appointment. Am I right in assuming that it is the minister who makes the appointment of deputy transport controller?

Mr. Marler: No, Mr. Chairman, the hon. member is not right in assuming that. I think the statute provides that the appointment of the controller and the deputy controller is made by the governor in council and not by the minister himself. In fact, if the hon. member will refer to section 6(a) 1(d), he will see that it refers to the appointment of one or more controller and one or more deputy controller. Both are appointed by order in council.

Mr. Johnson (Kindersley): On that same point, Mr. Chairman, I notice at page 239 of the proceedings of the standing committee on agriculture and colonization, when Mr. Milner was explaining the bottleneck he said:

> It was a real problem at the start, but the thing has worked itself out now to where it is working very smoothly. Some time ago I appointed a man to act as my deputy in Montreal.

He then goes on to explain that that man has since been taken over by the Canadian wheat board as their Montreal manager, and so on. I wondered about the validity of the statement Mr. Milner made. I presume he recommended that someone be appointed but it says right on the record that he made the appointment.

Mr. Marler: Perhaps the hon. member would permit me to interrupt him. I think that is merely a way of speaking. I do not think anyone would suggest for a moment that it is in fact the transport controller who legally appoints the deputy and I am sure my hon. friend would agree it would be only natural that Mr. Milner would be consulted although he does not legally make the appointment.

Mr. Johnson (Kindersley): Knowing that Mr. Milner is a man who likes to get things done, I thought perhaps he had.

It disturbed me when the minister pointed out that the final authority in the allocation of box cars rests with the Canadian wheat board. I was under the impression that the transport controller played a very significant part in allocating box cars between marketing and divisional points in connection with the railways. If, as the minister says, the Canadian wheat board has the complete responsibility for allocating box cars and loading them, then I would begin to wonder where the transport controller fits into the picture. The Canadian wheat board will give shipping orders to individual elevator companies dependent on the shipping orders or the sales which they have had.

Mr. Marler: I think so.

Mr. Johnson (Kindersley): If the wheat board in allocating shipping orders to country or terminal elevators is basing that on the immediate sales, then the transport controller, if that is the only function he has, is fulfilling a very slim duty indeed, because in due time the railway cars will end up at the terminal, that grain which has been spoken for will be put in position and it will be there to load the boats.

I think the minister would be well advised to review the functions he outlined as being those of the transport controller, because when the Canadian wheat board allocates a shipping order to an elevator point there is no guarantee that the railway is going to spot cars there.

I think the Saskatchewan wheat pool association shares with me the impression that the transport controller has the responsibility of assisting the Canadian wheat board in seeing that these railway cars are spotted to fill a shipping order that has been placed. There are stations in the west where as many as 70 shipping orders have been sitting at elevator points for as long as two months without any cars being spotted, while neighbouring points with 20 shipping orders have received perhaps 10 or 15 cars.

I think the transport controller should accept the function of seeing that the railway companies spot cars in proportion to those allocated by the Canadian wheat board. In that way he would be of greater service to western agriculture than by sitting as an unpaid official taking credit for shipments the Canadian wheat board has made.

I would like the minister to give a further explanation of the functions of the transport controller. Surely his functions must extend beyond simply taking credit for the amount of shipments which have been put in position at the terminals and at the lakehead.

[Mr. Marler.]

Mr. Knight: Mr. Chairman, I have been interested in this discussion, perhaps because I was a member of the railway committee. The hon. member for Kindersley has raised a couple of questions. I think it would be interesting to put on the record Mr. Gordon's reaction to those two particular questions. At the bottom of page 222 of the report of the proceedings of the committee I am reported as follows:

> As I understood it, in the old days, at least, because I remember loading my own enough over the platform, a man had the privilege of ordering from the railroad company a car. Is that still the way the thing works? Can I ask you to spot a car for me at a certain elevator, and do you do it?

Mr. Gordon made the following reply:

> No. The wheat board has to make the decision as to what cars they want and for what area. They tell us the number of cars to put into the particular areas, and we try to carry out those instructions. It is the wheat board's responsibility.

There is another statement by Mr. Gordon which I should like to put on the record:

> It is vital in the whole picture that the railways in making that effort should get complete co-operation in the matter of unloads.

Mr. Gordon put a great deal of emphasis on that fact. He said that if they could not get the unloads in proper time it interfered with their operations. Then there was a question as to the duties of the transport controller and Mr. Gordon went on to describe his functions. He has been asked whether the controller gave them any definite or written directives, and he replied as follows:

> Well, when you realize that you are dealing with 5,000 country elevator points you will know that formality has to be reduced to a minimum, and in point of fact, while we do not have written or formal directives, the transport controller is in touch with our railway officers day by day and sometimes hour by hour.

He went on to explain that these telephonic communications between the transport and railway men went on hour by hour. Apparently that is the way it is handled. There is one last comment by Mr. Gordon I should like to put on the record. I know that the Minister of Transport has quoted Mr. Gordon, the parts that he wished to quote and which were relevant to the questions asked, but I could not help but wonder whether Mr. Gordon was furnishing ideas to the Minister of Transport or whether the Minister of Transport was furnishing ideas to Mr. Gordon.

Mr. Marler: I even pick up some from the opposition.

Mr. Knight: I am glad to know that there is at least one minister who admits that he can learn.

Mr. Marler: I hope I did not admit that too readily.

Mr. Knight: After that pleasant interruption by the minister, I should like to quote Mr. Gordon as follows:

> We have to keep that in mind and also, in the matter of moving grain, there are a number of controlled situations in the movement of grain, and the wheat board as I understand it, has absolute authority in the matter of determining what grades of wheat should be moved. The railways have nothing to do with that at all. We do what we are told.

I smiled to myself a little when Mr. Gordon made that statement.

> The transport controller has also a degree of authority to instruct how various movements of grain should be moved and what order of priority from here to there over the country, etc., etc.

Mr. Gordon then went on to deal with something else. When Mr. Gordon was giving that evidence on that particular occasion I gathered the impression that he was placing the responsibility fairly and squarely on the back of the wheat board.

Mr. Campbell: Mr. Chairman, there are two questions I should like to ask. If the wheat board has control of the situation and controls the allocation of box cars, why is this legislation before us at all? I put a question to the Minister of Trade and Commerce in January and perhaps I can get the information I was after from the Minister of Transport. Why was such a large amount of space allowed to accumulate in the terminal elevators at a time of year when there was a rush of grain and the farmers needed money so badly? Was that the fault of the controller? Was there a shortage of box cars? What was the real reason why that amount of space was allowed to accumulate at that critical time?

Mr. Marler: Mr. Chairman, I shall try to deal with the second question first. I suppose I could ask the hon. member why it is that there seems to be so much vacant elevator space at country points at the present time. The hon. member knows full well that the matter of filling vacant space in terminal or other elevators is not something which depends either upon the Minister of Transport or the transport controller. I am sure the hon. member realizes that that is not part of the functions of the transport controller and, quite obviously by the same argument, of the minister of the Department of Transport.

The first question asked by the hon. member seems to imply that once a car is loaded the matter is finished, but that is not the case. It seems to me to be perfectly obvious that the function of the transport controller is to co-ordinate the movements which take place to see that cars are in the appropriate spot when vessels are there to load. I hope it will not be necessary for me to go very much further in connection with the matter. It is not just a matter of loading a box car with grain and saying that that is the end of the operation. That is not an operation for which the transport controller is responsible. He is responsible for the co-ordination of movements subsequent to that.

Mr. Johnson (Kindersley): When the Canadian wheat board authorizes a shipment from an elevator does it not authorize that shipment to a certain point? My own elevator agent has told me that a certain car was billed for Port Arthur or Fort William or Churchill. The railway just has to pick it up and take it there.

Mr. Marler: I think they do, but having expressed it in that simple language, to say that it is carried out in the way that it is required, perhaps I should give my hon. friend an illustration. So far as the movement of grain from Atlantic ports is concerned, I am told that one of the functions carried out by Mr. Rowan in Montreal is that of keeping in touch with agents of ocean vessels to tell them to which port a vessel should be sent in order to get the grades they wish to load. In some instances that requires direction. The cars may have been originally intended to go to Halifax but it may be necessary to reroute them to Saint John. I am merely giving that as an illustration of the fact that the primary responsibility of the transport controller is one of co-ordinating the various agencies of transport required for the movement of grain in different parts of the country and fitting that movement of grain with the movement of other bulk cargoes.

I was going through my correspondence in connection with the matter not very long ago and was interested to see that the transport controller had said that during the season of navigation he was responsible for the movement of about 7,000,000 tons of ore, about 14,000,000 tons of coal, about 800,000 tons of limestone, various quantities of pulpwood, all in addition to the movement of wheat and other grain. At first sight one might suppose that these operations could be carried out automatically, but I do not believe that an operation so complex as the movement of grain from the western provinces to the Pacific coast or to the lakehead and thence to Atlantic ports is something that can be left without direction.

If I may express myself briefly, I think it is essential that we should have somebody in general control of this movement, somebody who has the kind of authority provided for in the legislation. It seems to me to be a difference of opinion. Hon. members opposite seem to think that the authority should start in at an earlier stage in the operation. However, all I can say is that what we are dealing with is legislation that was passed unanimously in the house in 1954. It has been carried out well administratively since then, I think, and what we are now asking is that it be continued for another two years.

Mr. Campbell: The minister has not given the answer I want. As the minister has said, much co-ordination is needed. That is where we are critical, of the lack of co-ordination. In the first place the farmer has to take the grain to the elevator, if there is room.

Mr. Marler: The transport controller is not responsible for that.

Mr. Campbell: There has to be room in the elevator. It seems to me only common sense that if there is to be space provided in the elevator so the farmer can get the grain into the elevator, the grain from the elevator must be moved to a terminal or to a shipping point. Surely the job of the transport controller is to keep all these movements synchronized so the terminal elevators are nearly full. I do not say that they have to be absolutely full, but nearly full. When we have a situation such as we had last fall, what is the cause? Was it because all the cars were being used to take wheat to the shipboard, or what was the reason? That is all I want to know, and I have not had an answer.

Mr. Marler: If I were familiar with the operations of the Canadian wheat board I could answer my hon. friend's question, but that does not relate to the actions of the transport controller. Much as I would like to know all about it, I find that knowing about my own departments is almost more than I can manage.

Mr. Castleden: There is one other point, in which I was trying to be helpful to the minister. I take it from the minister's statement today that the transport controller has not the power to compel railway companies to allocate box cars at specific points or to specific elevators at specific points.

Mr. Marler: I think I made it clear that that was done by the Canadian wheat board.

Mr. Castleden: And the transport controller has not that power, nor the responsibility?

Mr. Marler: I think so.

[Mr. Marler.]

Mr. Castleden: If you can make sure of that it will help everyone a great deal. It is because of the discrimination that exists at delivery points where those cars are spotted that there is, let us say, a great deal of ill feeling against the transport controller and his job. It is assumed that a car is being spotted at an elevator which may have shipping orders, but we may have a point where a line elevator has no space in it and no shipping orders, and there is a wheat pool elevator sitting beside it with 15 shipping orders, and they each get one car.

The Minister of Trade and Commerce told us this afternoon that there is space for some 80 million bushels in western Canada. Why can it not be filled? I guarantee that most of the space, certainly as far as my province is concerned, is in the line elevators, and that when the farmers are able to get through the drifts of snow and the roads are passable for the hauling of grain, the space they are going to be asked to haul the grain to will be in line elevators. The whole situation militates against their organization, and they are compelled to deal with their opposition.

If the transport controller has any authority over that situation I wish he would clear that up. If he has not, I think he ought to be cleared of any responsibility. If the railroad companies are refusing to spot those cars where the orders are, then somebody ought to have the authority to compel them to place the cars where the shipping orders are. It is because of this situation that the transport controller's reputation has been lost. The powers are outlined under section I of this act of 1954, which states:

> Notwithstanding anything in any act, the governor in council may make regulations for the purpose of ensuring the prompt, efficient and orderly transport, by means of ships or by a company to which the Railway Act applies, of goods in bulk and, without restricting the generality of the foregoing, may make regulations respecting:

Then it outlines the various powers which could be granted under this act. The minister has told us once this afternoon that he has not those powers. I would suggest to the minister in a spirit of helpfulness that if he can rectify the situation with regard to the allocation of box cars to the places where there are shipping orders, and have them placed there by the railroad company, he would do a great deal to straighten out the situation.

Mr. Low: I wonder if I might ask the minister one more question. I have had a chance, since he directed my attention to P.C. 1954-807, to read it. I believe things are becoming clearer in my own mind with respect to the work that is being done by the transport controller. I just want to get the minister's concurrence in this conclusion I have reached.

It would seem to me after reading P.C. 807 that the transport controller does have authority even to order the allocation of box cars. If one examines subsection (g) of clause 5, subclause 1, in the Canada *Gazette* of June 23, 1954, one reads this:

> The transport controller may . . .
> (g) order any person dealing in or with bulk transport facilities to extend, furnish, supply or make use of any bulk transport facilities, services or equipment for transporting any goods in bulk at such times and places and in such manner as he directs;

I would judge that this part of the regulation does clothe the transport controller with sufficient powers that he could go so far as to order an allocation of box cars. However, as I have listened to the discussion today, it would seem to me that you have not appointed a dictator to that position. If a person were to exercise all the powers granted him under this act, it seems to me quite certain he would have to be pretty much a dictator. If I understand the matter correctly, he does not do that sort of thing. He is clothed with the power if it becomes essential to use them but, as I understand it, he tries to co-ordinate the activities of several different branches of government.

Mr. Marler: Of transportation.

Mr. Low: I should say transportation. Certainly he would first consult with the wheat board, with the department of Trade and Commerce, and then, if any bottleneck did occur or something happened that they could not straighten out, it would be essential for him to reach a decision and make an order. If I read the signs correctly, Mr. Milner has not been charged with the responsibility of simply saying "You must send box cars here," when an allocation should be made or when shippers demand that they be sent there. I think perhaps I would be quite correct in concluding that Mr. Milner has tried to act as a co-ordinator rather than a dictator.

Mr. Marler: I think that is right.

Mr. Low: I believe that is something we have to consider. If the minister had said to Mr. Milner, "We are going to clothe you with these powers, and you go out and exercise them to the letter," then you might be able to blame Mr. Milner for any failure to allocate box cars according to the desires of the shippers. On the other hand, if he has been instructed to use these powers contained in the regulations and in the act in the manner of a co-ordinator, then certainly we cannot blame Mr. Milner.

Mr. Diefenbaker: Mr. Chairman, unfortunately I was called out when the minister was making his explanation and answering the several questions asked. I am not going to cover the ground I covered yesterday, nor endeavour to imagine what were the answers of the minister. I am one of those who do not believe in saying the same thing over and over again once an answer has been given, even if I disagree with the conclusion arrived at. But there is one question I should like to direct to the minister. No doubt the law officers of the Department of Transport have given their legal opinion on the meaning of the regulations adopted pursuant to the amendment to the Department of Transport Act passed by the house in 1954. I have the regulations before me, P.C. 1954-807. These transport control regulations were passed pursuant to the powers conferred by section 6A of the Department of Transport Act. In these regulations are set forth the powers of the transport controller or the deputy, as the case may be.

I would ask the minister to look at subsection (g) and tell me whether the legal officers of his department have come to the conclusion that the transport controller has not the power to direct specific freight cars to specific localities for specific purposes. That is the meaning I took from the words the minister used a few moments ago, that in his opinion the transport controller did not have that power, that the transport controller was in the position of merely having the right to determine, as between competing bulk commodities, the numbers of freight cars available for the transport of each of those several types of commodities.

Subsection (g) seems to me incapable of any other meaning than that the transport controller has indeed the power to direct and to designate where and in what numbers freight cars shall be available and at what points and for what purposes. Subsection (g) reads as follows—

Mr. Marler: The hon. member for Peace River read it just two minutes ago.

Mr. Diefenbaker: Yes, but he was reading the section of the act giving the power to make regulations.

Mr. Marler: No, he was reading the regulation.

Mr. Diefenbaker: I was not here for that. I do not want to reread it, then, but I do want to say that ordinary English being what it is, the controller has the power to order the use of any bulk transport facilities at such times and places and in such manner as he directs. Otherwise the controller is simply a dispenser of car facilities between competing commodities. If that is all the power he has, I do not know on what we

spent all the money we have spent during the last year. That section is clear.

Let this be perfectly clear too; that there never was any suggestion raised prior to yesterday and today by anyone on the part of the government that the controller did not in fact have the power of designation. Let me add this. The minister says that the power rests in the wheat board. I do not have the letters before me at the moment, but on every occasion the replies I have received when communicating with the wheat board have been couched in the most co-operative language and have been followed by co-operative action, but have also made perfectly clear to me that the designation rests with the transport controller.

Indeed, as far as the Minister of Trade and Commerce is concerned, in the several replies he has made to questions that have been asked since the beginning of the session, and I referred to those replies yesterday, his stand on every occasion as I recall it was that the responsibility for the failure to supply cars and to designate the places where they were to be used rested not upon the wheat board but upon the transport controller.

I do say that wherever the responsibility lies the situation has been very serious and continues to be so. Whatever statistics may be furnished to indicate an improvement of the situation, the fact remains that there are numerous communities and marketing places in western Canada that have suffered discrimination, whether intentional or unintentional, and the farmers residing in those areas have found themselves unable to share in a reasonable marketing of a reasonable portion of what they had available for marketing.

If the regulations are not wide enough then, since the power is there, for goodness sake make them wide enough. I have never known civil servants when drawing up regulations to err on the side of restricting the ambit of the powers exercised under those regulations. I notice with interest that the Minister of Citizenship and Immigration raises his head. Some of the regulations passed by that department offer the strongest possible evidence in support of what I have said.

Mr. Pickersgill: Since the hon. gentleman has raised the point, I may say that I do not blame the civil servants. I take the full responsibility myself for what is done in my department in the way of recommending regulations and I think other members of the government do the same. Therefore I think it ill becomes the hon. gentleman to attack civil servants who cannot defend themselves.

[Mr. Diefenbaker.]

Mr. Diefenbaker: That, of course, Mr. Chairman, is just on a par with the usual amenities of the Minister of Citizenship and Immigration. There was no attack on civil servants. Civil servants draw the regulations under direction. The minister gives no lesson to the house as to the responsibility of ministers and, indeed—

An hon. Member: Let us get down to wheat.

Mr. Diefenbaker: —so far as regulations are concerned I may say that the Supreme Court of Canada paid its tribute to the kind of regulations the minister's department has brought into being by referring to them as inconsistent with justice and derogatory of the rights of individuals.

Mr. Marler: Let us get back to the Transport Act. The hon. member will need a transport controller himself.

Mr. Diefenbaker: We are on transport control, but I could not let the opportunity pass when there was such interest revealed by the Minister of Citizenship and Immigration in a subject in respect of which the courts have been so definite in their views.

Mr. Marler: Get your car off the siding.

Mr. Diefenbaker: I would ask the minister, following that little pleasurable interlude—

Mr. Marler: Your box car was spotted in the wrong place that time.

Mr. Argue: You will never get it unloaded. You will be paying demurrage.

Mr. Diefenbaker: There is the same practice in every department of the government when it comes to making regulations and denying the rights of parliament and individuals.

Mr. Pickersgill: Surely the hon. member is not suggesting more powers?

Mr. Diefenbaker: There is no question of granting more power. It is simply a matter of using the powers that parliament granted, and translating the regulations so they will give effect to the powers granted by the house under the statute. Certainly in all seriousness I say to the minister that he should give the fullest consideration to the requests—and they are legion—from western farmers that something be done to equalize their opportunities, wherever they may be located, by securing that measure of transportation which will result in a reasonable degree of credit being made available to them.

Mr. Nicholson: Mr. Chairman, I was not satisfied with the minister's reply to the hon. member for Yorkton. I gather that the minister expressed some doubt as to whether the transport controller had or had not the

power to allocate the stations to which cars should be sent, and the numbers of cars to be sent to the elevators. The hon. member for Peace River drew to our attention paragraph (g) of the order. I might say that we have paragraphs (a), (b), (c), (d), (e), (f), (g) and (h), and they are all preceded by the words "the transport controller may". I am always at a bit of a loss to know whether "may" means may or shall.

Mr. Marler: It usually means may.

Mr. Nicholson: I am not sure whether "may" means that the transport controller may or may not.

Mr. Marler: It means may.

Mr. Nicholson: I think generally the judges, in dealing with these problems, would give the transport controller the right to perform the various duties enumerated in this particular order. I do not think it good enough for the minister to say that this responsibility is a responsibility for the wheat board. As far as I know the wheat board has no instructions from this parliament to take action in connection with a field such as that which has been definitely assigned to the transport controller. I believe that a good deal of confusion has been caused as a result of the failure of the Minister of Trade and Commerce and the Minister of Transport to get together and decide whether it is the wheat board or the transport controller which must make the decision, and which must accept the blame for failure to act.

At the point where we deliver our grain it so happens that we have three elevators. One of the elevators is the wheat pool elevator to which we have always delivered all our grain. I have nothing against the other elevator companies. The other elevators are operated by highly respected citizens who do an excellent job. But I think a farmer who has never delivered a bushel of grain to one of these other elevators would be in the same sort of position as that in which Donald Gordon would be placed if every time he came to Ottawa he travelled on the C.P.R. instead of on the C.N.R. If he did that a great many people would be asking why the president refused to travel on his own railway.

I think farmers who have never delivered a bushel of grain to an elevator which they do not own are in an embarrassing position, when storage is in such short supply, if they take grain away from their own elevator and take it to an elevator which is owned and operated by their competitors. I therefore believe that at some point the Minister of Transport must make up his mind that this subsection (g) means exactly what it says; that the transport controller must accept the responsibility of carrying out the letter of the law, and that he must not place the alleged responsibility on the wheat board which is not instructed by law to make this sort of decision.

Mr. Jutras: On this last point of the allocation of box cars at a given point, I should like to say this. I do not think the situation is confused at all throughout the country at this time. It is probably better understood now than it has been at any other time. Last year in the committee on agriculture we studied that point extensively and, as the committee recalls, we made a recommendation to the government that owing to the fact that naturally, as was the case all last fall and all last year—and the same situation still prevails—all grain movements are effected on wheat board shipping order and only on wheat board shipping order. Surely there is no point in blaming the controller or anyone at that point. That situation is quite clear.

Mr. Nicholson: I wonder whether my hon. friend would permit a question at this time?

Mr. Marler: Oh, don't interrupt him.

Mr. Jutras: It is all right.

Mr. Nicholson: Would the hon. member explain how the wheat board decides that, when three box cars are sent to Sturgis, each elevator gets one when two of the elevators have a good deal of space available and one elevator needs the three cars?

Mr. Jutras: I am coming to that point in just a moment. Let us start at the beginning. To begin with, movement can take place only on the instruction of the wheat board through a shipping order. That being the basis, we recommended last year that the box cars be stopped at a given point. I want to make that point clear. This afternoon there has been some discussion back and forth with regard to allocation generally. There is allocation of box cars as between points and there is allocation of box cars at a given point. Those are two entirely different things. There is no difficulty about allocation as between given points.

Mr. Argue: There surely is difficulty.

Mr. Jutras: Some hon. members contend that there is difficulty, but generally speaking that is not too contentious a point. Today the most contentious point I think is the one raised by the hon. member for Yorkton with respect to the allocation at a given point. As I said, owing to the fact that grain is moved only on shipping orders, we recommended that the box cars at a given

point be spotted in the same proportion as that in which the shipping orders were allocated to that point.

Mr. Argue: It is never done.

Mr. Jutras: I beg the hon. member's pardon?

Mr. Argue: It is not done.

Mr. Jutras: Just a moment. I understand that this recommendation was passed on, that this instruction was given to the railways, and that the railways now are supposed to spot the cars in proportion to the shipping orders at a given point. Owing to the peculiar condition existing early last fall I must admit that there was actually no movement. No possible system of allocation or shipment could have been put into operation in the difficult conditions under which the wheat board and everybody else were operating last fall. There was little movement of grain; the only movement that was taking place last fall was that of grain to local millers. They demand a special type of grain and they demand that it be shipped at certain points, and naturally on special orders again from the wheat board to move it out. You could not allocate that movement in any equal way over the three western provinces at any given time. It was therefore a poor time to test any new system of allocation.

There is, I must say, some doubt in some people's minds as to whether this is being carried out. It is being carried out at many points, but there is some question as to whether it is being carried out effectively at some others. I am given to understand that they are working now, trying to arrive at a method of making this system enforceable at all given points. But again it is not an easy problem to solve. I do not think there is any concrete proof that it is not being administered at any given point. The trouble is that some have claimed that they were not in a position to know whether it was.

This seems to be the biggest criticism of all. Nobody seems to be in a position to be able to tell accurately whether or not cars are being spotted in that proportion, because one does not always know what kind of orders the other man has. Sometimes people can claim they have when they have not, and so on. But I understand a system is being worked out that will probably work satisfactorily for all concerned. However, that is the system under which we are operating at the moment and have been operating for the last year. If cars are spotted in proportion to the shipping orders I do not see how you could get a better way of dealing with the situation under present conditions.

Mr. Bryson: Is the hon. member suggesting that the wheat board tells the railways where to spot cars, and how many, if they have orders for grain at any given point? Is that the implication?

Mr. Jutras: That is in effect the implication of the recommendation. They would have to tell them where to spot the cars. They give them a record of the shipping orders, and the railways are supposed to spot cars proportionately.

Mr. Bryson: The point is that it is on the advice of the wheat board, as I gather from your remarks. It is on the advice of the wheat board that the railway move cars to the shipping point.

Mr. Jutras: That is right.

Mr. Bryson: I do not want to pursue this subject any longer than is necessary, but as this debate continues it seems the question is getting more and more involved and confused. I can appreciate the minister's position when we are discussing things relating to the operations of the Canadian wheat board. The only reason I rise at this point is to try once again to get some clear and forthright statement from the minister as to just what are the duties of the transport controller in so far as the allocation of box cars is concerned.

This question is not only confused in the minds of a great many members here today, but there is a great deal of confusion in the minds of, say, the members of the Saskatchewan wheat pool. I should like to quote their view on the allocation of box cars. I have not a transcript of it, but I have checked the statement I have against the transcript and it is substantially correct. I should like to point out that in giving this evidence, not only were the wheat pool officials at this meeting of the select committee of the Saskatchewan legislature but Mr. Milner himself was there and also gave evidence. The Saskatchewan wheat pools believe this is the way box cars are allocated:

> The Canadian wheat board allocated box cars—

That is substantially what the hon. member for Provencher, just said.

> —to elevator companies on the basis of some secret formula. Mr. Gibbins said, "We have been unable to find out what the formula is so we don't know what percentage of cars the pool gets.

Incidentally, Mr. Gibbins is the second vice-president of the Saskatchewan wheat pool. At the very same hearing at which the second vice-president of the Saskatchewan wheat pool made this statement, Mr. Milner was present. A few moments ago I gathered from the minister, and I certainly do not

want to put words in his mouth, that the transport controller exercised his authority when the box cars were loaded with grain. It was his job then to co-ordinate the movement out through the country to the terminals. Prior to that time he had no authority in so far as the actual placing of the empty box car was concerned.

Mr. Marler: I said that was not part of his duties.

Mr. Bryson: At this select committee hearing Mr. Milner gave evidence and I want you to listen to this. The report reads:

> Very little was left to the railways to decide regarding allocation of cars.
> "I tell the railways to carry out wheat board orders. I tell them, within good railway practice, to put cars where the need is shown to be greatest," Mr. Milner said.

Now certainly he has some jurisdiction—

Mr. Marler: Not necessarily.

Mr. Byrne: He is just a straw boss.

Mr. Bryson: You can call him what you like, but in my opinion he has some jurisdiction.

Mr. Byrne: We have heard it a dozen times.

Mr. Bryson: I should like the minister to try to clear up this confusion so far as Mr. Milner's authority is concerned. Perhaps he could give the committee a further statement to see if there can be further clarification of this apparently very knotty problem.

Mr. Marler: I hope when I have said it this time it will be sufficient. When Mr. Milner appeared before the select committee of the Saskatchewan legislature, this was one of the first things he said:

> It has never been part of my duties to allocate box cars to various stations or to elevators at those stations.

He continued and said:

> In fact I have not the power to do so.

I am not going to deal with the question of whether or not he has the power to do so, because I do not really believe that is the material issue at the moment. It seems to me quite clear that the transport controller has never allocated box cars to specific points. I think we should agree on that. I do not think anybody should charge him with responsibility for the fact that at some points there have not been the box cars they hoped would be spotted.

The hon. member for Peace River and the hon. member for Prince Albert earlier spoke about the terms of the regulations. The hon. member for Mackenzie went through some rather extraordinary verbal exercises in saying that "may" might mean "may not" or it might mean "shall". I would be glad to explain to him that "may" usually means "may". In fact, I think we can say it always means may. I hope when the hon. gentleman has a moment of leisure he will look into the meaning of "may" and perhaps we will get away from any further discussion of that question.

Mr. Argue: He does not want to get it through today.

Mr. Marler: Is he thinking of "may" again? I hope we can get it through right now. The practical way of looking at this matter is not to consider whether or not the transport controller should intervene at this particular point, or whether or not he has the theoretical power to allocate box cars to a particular point. Surely we must relate the whole marketing operation of the Canadian wheat board to the matter. That is the basic consideration. How can the wheat best be moved to points for export? Surely no one can know better what has to be done than the people who are engaged in the actual operation of marketing the wheat. The role of the transport controller in the operation is that of seeing, when the board has decided at what points cars are to be loaded and shipped and where they are to go, that the movement is not interfered with by other considerations; to see that on an over-all basis cars are made available by the railroads when they are required, but not at the specific points. As I said earlier, he tries to co-ordinate the movement of wheat toward points of export with the ships that are coming to get the wheat.

So far as I am concerned, Mr. Chairman, I think I have answered all the questions that have been raised, and I hope we can get the resolution through. Everybody seems to be in favour of getting it through. A moment ago the hon. gentleman mentioned "may", and I thought he was thinking of adopting the resolution in May. My suggestion is that we should adopt the resolution and then get on with the bill and try to make some progress.

Mr. Argue: The C.C.F. would like to see two things done in this present situation. First we would like to see more box cars made available immediately to those many hundreds of delivery points in western Canada that are still on very low delivery quotas of one or two bushels. We think a much better job could have been done, and should have been done, in making box cars available in such a manner as to more nearly equalize the quotas amongst western producers. Second, we would like to see a system of allocation brought about that would allocate box cars at an individual marketing point among the various elevator companies at that point on the basis of the wishes of the producers

themselves. We feel that the producer himself should have the right to deliver grain to the elevator of his own choice. That right can be brought about only if box cars are distributed at a marketing point on the basis of where farmers wish to deliver their grain.

Farm organizations in the past have advanced a method by which this very laudable result could be obtained. Frequently we have difficulty convincing the government that the things we suggest should be adopted, but I rather regret this afternoon that some members of the Social Credit group have not seen fit to support us in our proposition.

Mr. Quelch: What is your proposition?

Mr. Argue: That box cars should be allocated in such a way as to equalize distribution of quotas.

Mr. Quelch: The hon. member knows that on every occasion such a bill has been brought before the house by him we have supported it.

Mr. Argue: I will come to that in a moment. I think I can say that some hon. members of the Social Credit group have opposed a better system of box car distribution, and I shall put the facts on the record. What has been said this afternoon and last evening by hon. members of this group was that they were quite happy with the present allocation of box cars undertaken by Mr. Milner.

Mr. Smith (Battle River-Camrose): Is the hon. member suggesting that I made such a statement last night?

Mr. Argue: Mr. Chairman, I think I have the floor.

An hon. Member: You certainly have had it all day.

Mr. Argue: Hon. members can reply after I have taken my seat. There is no limit on the number of times hon. members can take part in this debate. Last evening the hon. member for Battle River-Camrose said, as reported at page 3241 of *Hansard*:

> That means to me that there is some confusion existing even now. However, I should like through you to thank the present transport controller for the co-operation and courtesy he has extended to me at all times and I say that in all sincerity. In my opinion there is no use blaming the individual who is called upon to do a job and who is doing it to the best of his ability with the machinery with which he is provided.

And so he went on to express general approval of the work of the transport controller at this time.

Mr. Low: On a question of privilege, Mr. Chairman—

Mr. Argue: I am telling the leader of the Social Credit group—

[Mr. Argue.]

Mr. Low: On a question of privilege, Mr. Chairman—

The Deputy Chairman: The hon. member for Peace River is rising on a question of privilege.

Mr. Low: Mr. Chairman, my question of privilege is that the hon. member who had the floor just before I arose is stretching the truth. He is accusing the hon. member for Battle River-Camrose of speaking about one thing when in truth the hon. member for Battle River-Camrose was speaking about another matter. I would suggest, Mr. Chairman, that the hon. member for Assiniboia stick to the truth, something he has not shown he can do.

Mr. Argue: Well, Mr. Chairman, I am not going to ask the leader of the Social Credit group to withdraw those very unparliamentary remarks—

Some hon. Members: Oh, oh.

Mr. Pickersgill: Don't be so thin-skinned.

Mr. Argue: The hon. member was speaking in unparliamentary terms when he suggested that I am not telling the truth. Last night and this afternoon some hon. members of the Social Credit group have expressed general approval of the work of the transport controller.

Mr. Byrne: So have I, and I am not ashamed of it.

Mr. Argue: I have not heard them ask this afternoon that box cars be provided in such a way as to bring about an equalization of delivery quotas on the prairie provinces. Each year since I have been a member of the agriculture committee I have heard it said that in the fall there is more grain delivered out of Manitoba, relatively, than out of Saskatchewan—

Mr. Jutras: That helps you.

Mr. Argue: —and more grain is delivered in the fall out of Alberta than is delivered out of Saskatchewan. We are given the excuse that it is because of short hauls. The hon. member for Acadia said this was an unusual situation. As I recall it this is not a particularly unusual situation, because for many years in the first part of the crop year delivery quotas in Saskatchewan have generally been late and we have asked and shall continue to ask—

Mr. Quelch: It all depends on whether it is going to the Pacific coast or to the east.

Mr. Argue: It always happens that we are at the peak; and whether it goes to Fort William or to the Pacific coast, short hauls

get the advantage in box car distribution and Saskatchewan is left in a very inferior position. We say that the allocation of box cars should be on a fairer basis. We also say that the formula presented by the wheat pool organizations and advanced by the Saskatchewan wheat pool in particular is a better formula; namely that farmers should have a right to state in their permit book or by some other means where they wish to deliver their grain at a given market point each year, and that the allocation of box cars amongst the elevator companies at that point should be on the basis of those deliveries and that opinion set forth by the farmers in their wheat board permit books.

It is correct to say that hon. members of the Social Credit group have usually supported that proposition, but they have not done so consistently. As far as I can recall at this time, though I would stand subject to correction, there has not been a member of the Conservative party on the agriculture committee who has opposed the allocation of box cars as advanced by the farm organizations, but I do remember very clearly the opinion set forth by the hon. member for Medicine Hat. His opinion is found at page 374 of the minutes of the standing committee on agriculture and colonization of June 3, 1955.

Mr. Marler: I cannot help thinking, Mr. Chairman, that this discussion, while very interesting, has no connection with the transport controller or with the provisions of section 6A of the Department of Transport Act. The hon. member will have another opportunity of talking about the distribution of box cars. He already has a bill on the order paper to accomplish that purpose. I have found myself asking for some time, Mr. Chairman, whether these remarks, interesting as they may be, are relevant to the subject now before the committee.

The Deputy Chairman: I have been giving some thought to the same point myself, more particularly because there is an anticipation rule. No one knows better than the hon. member for Assiniboia that there is a bill on the order paper dealing with the allocation of box cars to the elevator, as he puts it, of a farmer's choice. At the same time there has been permitted in this debate so much discussion as to what are and what are not the powers of the transport controller that it would be difficult if not unfair for me suddenly to rule discussion of that matter out of order.

I think perhaps I would be justified in suggesting to the hon. member for Assiniboia and those who may follow him that we are really bound in this discussion by matters which are or which should be in some people's opinions within the powers of the transport controller. While I am not at the moment ruling the hon. member out of order, I am going to request him to stick pretty closely to the terms of the resolution and the powers of the transport controller, and indicate that if he gets away from that subject later on I shall have to ask him to confine his remarks to it.

Mr. Argue: I think, Mr. Chairman, your statement is completely fair in every respect. I believe that under the powers of the transport controller set forth in the act and the regulations he has the power to do the type of thing which I have been suggesting. I want to agree wholeheartedly with the minister's statement that the transport controller has never used that power, and at no time has he allocated box cars even to a given delivery point, as far as I know, and certainly not amongst the elevator companies at a delivery point. It is done on the basis of following up the over-all shipping orders of the Canadian wheat board, and this has resulted in a very bad allocation of box cars.

To support the statement I have made that a Social Credit member, the hon. member for Medicine Hat, was opposed to a change in the present system I read from page 374 of the minutes of the standing committee on agriculture and colonization of Friday, June 3, 1955, as follows:

> However, I think our present set-up is about as fair as we can have it and I might say again that every witness who appeared before us with the exception of Mr. Wesson agreed that there was nothing much which could be done about any change in the box car system at the present time.

That was the dissenting voice in the agriculture committee as far as the distribution of box cars based on the farmer's own choice was concerned. I opened my remarks by saying that at the present time the farmers in Saskatchewan are asking for two things. They are asking that more box cars be made available immediately at the delivery point so there may be a greater equalization of delivery quotas within Saskatchewan and throughout the three prairie provinces. They repeat their request that steps be taken through the office of the transport controller, who has undoubtedly the power, or by some other means to establish a system of box car distribution whereby farmers may deliver grain to the elevator of their own choice.

Mr. Quelch: The hon. member for Assiniboia has gone to some length to try to prove that we of this group at this time have not supported them in asking that the transport

controller allocate cars on the basis of the farmer's choice. It is true that we have not done that at this time, because we do not think it is the responsibility of the transport controller to do that. At the present time that is a responsibility of the wheat board. The wheat board decides upon the allocation of cars. They, the C.C.F., do not like to criticize the wheat board because they know that criticism of that kind is not popular with the farmers, so instead of criticizing the body which today has the responsibility for the allocation of box cars they try to make out that that is the responsibility of the transport controller.

We are not entering into that kind of criticism at the present time. We are not criticizing the wheat board nor are we criticizing the transport controller, because he is not the one charged with that responsibility.

In so far as the question of whether or not box cars should be allocated on the basis of the farmer's choice is concerned, on every single occasion that a vote has been taken in this house this group has supported that principle. In order to bolster his false charge that we have not always taken that stand, what does the hon. member for Assiniboia do? He mentions one member of our group, the hon. member for Medicine Hat. The hon. member for Medicine Hat has never announced the agricultural policy of this group. That was always done by the late hon. member for Battle River, and since his death I have made such announcements for this group. When the hon. member says we have not always supported the allocation of box cars on the basis of the farmer's choice he is just not telling the truth.

Mr. Johnson (Kindersley): Mr. Chairman, I think what we should keep in mind is the resolution which is being discussed at the present time and the discussion which will provide us with some information on the bill which is to follow. I think it should be kept in mind that the tendency of the Liberal government in the past few years has been to scuttle the Canadian wheat board. We have another example of that showing up here.

The Canadian wheat board has stated that it does not want to be charged with the responsibility of allocating box cars at individual marketing points. The administration has restricted the field of activities of the transport controller in the way the Minister of Transport outlined this afternoon, with the result that the prodigious task of allocating box cars has been thrown into the laps of the Canadian wheat board who have stated in the past that they do not want that job. Their job is selling wheat. The Minister of Trade and Commerce told us that they were not in the banking business and now we are told that they are not in the railroading business.

There is a tremendous field open for the transport controller. I do not think we can be satisfied with an appointed individual who receives no salary from the Department of Transport, who receives his salary of $12,000 a year as a member of the board of grain commissioners. I feel that the job of transport controller is one to be taken seriously. The Department of Transport should assume more authority for the enforcement of the regulations. This is where we come into disagreement with the Social Credit party, who are quite content to let the present circumstances continue. They do not agree with us when we state that we are not getting a fair allocation of box cars among the marketing points. Since the transport controller has been allocating box cars at individual marketing points, perhaps in the past he has shown the members of the Social Credit group some favours and they do not want to get on his bad side.

Mr. Low: That is silly; that is childish.

An hon. Member: Pretty small.

Mr. Johnson (Kindersley): It is pretty childish for the transport controller to operate the way he does, because on the one hand we hear that he has no responsibility for the allocation of box cars to individual marketing points yet last year in the committee on agriculture and colonization he admitted he was quite ready to step in and correct situations which might develop.

The main thing I want the Minister of Transport to keep in mind is the criticisms we have offered of the present administration of the transport controller. There is a large field of endeavour which at present is vacant. If we were to appoint two or three transport controllers to handle this job of co-ordinating the rail movements the whole movement of grain would be more efficient, and we would finally achieve that principle which western farm organizations have been so desirous of having established even in the face of an adverse government. This government would be doing the farmers of all Canada a favour by bringing in a bill containing some of these features and making it truly operative.

Mr. Smith (Battle River-Camrose): Mr. Chairman, I should like to take a moment or two in further discussion of this resolution. Last evening I attempted to state in very brief terms the position of our group as far as this particular resolution is concerned. During the course of my remarks I tried in all sincerity to pay a compliment to the present transport controller. I did that knowing full well what I was doing. To my way

of thinking the transport controller is a public servant charged with the responsibility of carrying out policies which the government through parliament lays down. I am not prepared to attack a public servant who as far as I am concerned is carrying out policy laid down by this government to the best of his ability.

I went on further to point out that to my mind confusion has existed—here is where I must differ with the hon. member for Assiniboia—throughout the years as far as the movement of grain from the west is concerned. I said at that time that there should be closer liaison among the Minister of Transport and his department, the Minister of Trade and Commerce and the Canadian wheat board to see if something could not be done to straighten out the box car mess. Those of us who come from the west are aware that this mess has existed for the past number of years.

I am not apologizing now nor will I ever apologize for paying a tribute to public servants who in my opinion are doing a good job.

Mr. Argue: I rise to correct only one thing. The statement has been made that the matter of box car allocation is the prerogative of the Canadian wheat board. I want to say that the Canadian wheat board, to the best of my information, does not in any way allocate box cars among the elevator companies themselves, and that the allocation of box cars has been, and is today, a matter of the railway companies' own actions. Even though we have a transport controller who has a great deal of authority, and even though the Canadian wheat board, as it does, allocates shipping orders among various companies, the decision as to what box cars will be spotted at various elevator companies is the prerogative of the railway companies themselves. So there is no blame and there cannot be any blame on the Canadian wheat board itself for this very bad mess as far as box car distribution is concerned.

The wheat board did not ask for any responsibility whatsoever in this field. As far as I have been able to find out, it has not been given any responsibility in the way I have mentioned or, as far as I have been able to study the Canadian Wheat Board Act, the power under that act to allocate individual box cars to individual elevator companies at a given marketing point. To substantiate my statement that it is the railway companies that spot the box cars, I read from the evidence of Mr. Milner before the Saskatchewan select committee the following:

> Q. Then the railways, under a general order or arrangements, which you have given to them, or arranged with them, they, in effect then, allocate the cars?
>
> A. That's right.

Resolution reported and concurred in.

Mr. Marler thereupon moved for leave to introduce Bill No. 249, to amend the Department of Transport Act.

Motion agreed to and bill read the first time.

NORTHWEST TERRITORIES POWER COMMISSION ACT

AMENDMENTS CHANGING NAME, AUTHORIZING SUPPLYING OF OTHER UTILITIES, ETC.

The house resumed, from Monday, February 27, consideration in committee of the following resolution—Mr. Lesage—Mr. Robinson (Simcoe East) in the chair:

> That it is expedient to introduce a measure to amend the Northwest Territories Power Commission Act to change the name of the commission to "Northern Canada Power Commission"; to authorize the commission to supply public utilities other than electrical power and to operate outside the territories; also to provide a fund to enable the commission to carry on investigations; and to provide further for certain changes in connection with the administration of the act.

Mr. Lesage: The purpose of the resolution is to permit the introduction of a bill to amend the Northwest Territories Power Commission Act. The first of the proposed amendments would have to do with a change in the name of the commission. It seems that the present name is not appropriate, since the commission has some activities in the Yukon Territory, and it is proposed to change the name to Northern Canada Power Commission. There has been a company in Ontario by the name of Northern Canada Power Company, but it wound up its activities in 1928 and the letters patent have been cancelled since January 1 of this year.

The second amendment will have to do with the provision of authority to supply public utilities other than power. Of course power would remain the main activity of the commission. However, in the north there are certain circumstances, which are known to hon. members in this house, that are such that there is an economic advantage in combining power, heating and water pumping plants. In the new Aklavik it is intended that the power will be generated through steam, which will be produced either by diesel engines or with coal. This steam will then be used for a central heating plant, and from the central heating plant there will be large insulated pipes which will go to the various

buildings of the community. In these large insulated pipes there will be first the steam pipe, which will provide the heating, and then the water pipes and the sewerage pipes. The water and sewerage pipes cannot be laid in the ground; they have to be heated or they freeze, and you know what can happen.

This experience has been gained in northern countries. In Canada I myself have visited the installations of the United Keno Hills mines at Elsa, where they have the system of large insulated pipes containing the steam pipes and also water and sewerage lines. The steam, which will generate the electric power, will be used to heat the water and sewerage pipes and also to heat the buildings of the community. There is a great economic advantage in having all the facilities administered under the same concern. This is the reason the bill will provide for an amendment to authorize the commission to provide these other utilities.

Another amendment will authorize the commission to operate outside the Northwest Territories and the Yukon. The purpose of the amendment is to make it clear that the commission might acquire plants, as well as construct and operate them, and to empower the commission to carry on business in a province, subject, of course, to the approval of the governor in council and in compliance with the laws of the province.

An instance of an advantage there is in regard to the Royal Canadian Signal Corps station which is situated three miles south of Fort Smith, which is built on the 60th parallel. There is a diesel plant operated by the commission at Fort Smith, and there would be an advantage in supplying the power from the commission's plant at Fort Smith to the Royal Canadian Signal Corps station, which is three miles inside Alberta.

There is also a proposed amendment which would provide for an investigation fund. This would provide the means of financing the investigation of power projects, which is generally necessary to determine the economic feasibility of projects. If a project is developed, the cost of investigation is restored to the fund and charged against the capital cost of the development; if a project is not developed, it is intended that the fund will be restored by parliamentary appropriations. The fund which will be proposed is in the amount of $50,000. The other proposed amendments are minor and have to do with administration.

Mr. Michener: I do not propose to say anything other than to ask a question. Is it intended to give this commission a monopoly with regard to these various utilities in the Northwest Territories?

[Mr. Lesage.]

Mr. Lesage: No, Mr. Chairman. As a matter of fact in Whitehorse, for instance, the generation and distribution of power for the civilian population is done by a private concern. There is quite an expansion at Whitehorse and the power facilities are not sufficient. Therefore there have to be other generating facilities. The private concern having the franchise at Whitehorse does not have the necessary capital to proceed with further developments. Therefore it is the intention of the commission to develop a hydro power plant somewhere near Whitehorse, and according to present plans the power will be sold wholesale to the airport, to the army and R.C.A.F. installations and to the private concern in question.

Mr. Simmons: Mr. Chairman, I am sure this resolution is of great interest to the people of the Yukon and the Northwest Territories, and indicates the lines on which I think the power commission should be developed. The original act, while appropriate at the time, has been outgrown, and so that the activities of the power commission may be fully developed its scope should certainly be enlarged. I have always thought that Canada should have a federal power commission, and as the resolution indicates a forward step I am very glad to support it.

Power is so closely related to the development of Canada's natural resources that parliament should miss no opportunity to foster power development wherever possible within federal jurisdiction. The Northwest Territories Power Commission, or the Northern Canada Power Commission, as now proposed, will provide a vehicle for progress along these lines. I feel that the federal government has been lagging behind and should take the lead in establishing facilities for the development of northern Canada, though I am pleased to say there has been a decided improvement in the past few years. A major factor in this development will be the Northern Canada Power Commission, which will supply public utilities, in addition to supplying electrical power, outside the territories, where private enterprise may not be interested.

As I understand the resolution, the power commission will not only have the power to construct and operate hydroelectric plants but also to initiate and bring into being other related activities associated with power. A fund to enable the commission to carry on investigations and surveys is essential and it should be fully adequate. No other government in Canada has the authority to develop the territories and the federal government should accept its responsibility to the fullest extent.

Accordingly I am completely in accord with the resolution, and hope to have the opportunity of speaking in more detail when the bill is introduced. I am particularly interested in ample power for the Yukon, and I feel that the distribution of power developed by the power commission should be undertaken by the private facilities now available. I believe this has been the policy of the power commission in the past and I hope it will continue to be so. In other words, the commission would supply power on a wholesale basis and not adopt a policy of retail distribution and sale. This amendment will permit all departments of the government to have the benefit of the power commission's advice and action with respect to their own particular power problems in the north, particularly the departments of northern affairs and Indian affairs and also crown companies.

I am very much in favour of the resolution, as it will be of undoubted benefit to the development of northern Canada.

Mr. Harkness: Mr. Chairman, the introduction of these amendments indicates, I think, an increased interest and determination on the part of the department to carry on development in the Northwest Territories, and from that point of view I welcome them. I hope these amendments will result in putting the corporation in a position to carry on power development in the Northwest Territories and the Yukon to better advantage than it has been able to do in the past.

There are five separate matters dealt with in the resolution. I believe the minister commented on all except one, and I should like to ask a few questions with respect to what he had to say about them. The minister said this particular organization had some activities in the Yukon. I was not clear whether he meant that it had activities in the Yukon at the present time or that it was proposed that it would have activities in the Yukon in the future. If it has activities in the Yukon at the present time, perhaps he can tell us what those are or, if it is a proposal for the future, what the proposal is.

The second part of the resolution will give the corporation the power to deal with the utilities other than electric power utilities, and in that connection the minister gave as an example the proposed development at Aklavik. I think that development is a good one and it certainly seems reasonable that the commission should lay the water, sewer and heating pipes all in the one pipe, shall we say.

Mr. Lesage: Tube.

Mr. Harkness: The fact that they are providing electric power naturally makes them the proper people to put in the other piping and things of that sort. I wondered, as a matter of fact, whether this change was also designed to put the commission in a position to deal with the installation of natural gas facilities, in view of the fact that there has been a discovery of gas in the Northwest Territories. I know of at least one gas well that has been discovered there and I have no doubt there will be more. In view of the heating difficulties that exist in that part of the country because of the climate I think anything that can be done to provide heating facilities for the communities there by using natural gas is something which the department should certainly prosecute as vigorously as possible. Such action might very well provide one answer to the fuel problem that prevails in that northern area. Possibly the minister would comment on whether anything is proposed along that line, and if there is any immediate prospect of anything being done as far as the use of gas in the Northwest Territories is concerned.

The third change suggested will give the company power to operate outside the territories. The minister mentioned a possible development at Fort Smith, which is just south of the Alberta boundary and which development would extend south from there into Alberta. In addition, I understand that in the northern part of Alberta considerable water power resources are available from which I believe it is possible to develop about a quarter of a million horsepower through using natural falls or rapids existing there.

I wondered whether giving this authority was connected with the fact that this site exists so close to the Northwest Territories, and whether there was on the part of the council of the Northwest Territories or of this company an idea of developing that particular waterpower site, which I believe is perhaps the largest waterpower site immediately available in the Northwest Territories region. Speaking more particularly, I believe it is the closest one of considerable size to the Yellowknife district and the mineral areas surrounding the lake there.

The fourth matter is this. In the resolution it is stated that one purpose is "to provide a fund to enable the commission to carry on investigations". From what the minister said I was not clear as to what those investigations are and what the amount of this fund is supposed to be. I think some mention was made of $50,000, but I was not clear as to what is the nature of the investigations or what those investigations are connected with. I presume the investigations would be in connection with sources for power development and things along that

line, but perhaps we might have a few more details in connection with that particular matter.

The fifth thing is with respect to certain administrative changes which I believe the minister indicated did not amount to much. He might perhaps give us some indication of what they are.

Mr. Lesage: The first question of the hon. member for Calgary North has to do with the present activities of the Northwest Territories Power Commission in the Yukon. I may say that the commission has one plant in the Yukon which is in operation at the present time. It is at Mayo, which is northeast of Whitehorse and it supplies the power for the zinc-lead-silver mines at United Keno. The other two existing plants of the commission are in the Northwest Territories. One is a hydro plant at Snare river which supplies power for Yellowknife and its gold mines. The other one is a diesel plant at Fort Smith. As to the projected plants, one is in the Yukon, a hydro plant for Whitehorse.

I shall immediately reply to one of the questions asked by the hon. member. The commission's engineers are now doing a survey at Whitehorse so they can choose between two sites. This is the reason for the revolving fund. That provision is made so the engineering surveys for the power sites can be made. The cost of the survey will be attributed to the project when the project is feasible. When it is not feasible, the next year we will seek a parliamentary appropriation to reimburse the revolving fund.

In the Northwest Territories there are two projected plants of the commission. One is at Aklavik. For that one I gave details. There is also a projected diesel plant at Fort Simpson. There are many places in the Northwest Territories and the Yukon where power is supplied by private enterprise. This is a further reply to the hon. member for St. Paul's.

I believe the hon. member for Calgary North had a good point when he raised the question of the supply of natural gas. Before the bill comes up for second reading I shall take the matter up with the officers of the commission.

Mr. Harkness: There is no provision in the bill?

Mr. Lesage: I do not believe there is. I shall have to read the bill carefully again. I will discuss the matter with the law officers and also with the members of the commission, because I believe the hon. member for Calgary North has a good point.

Mr. Leboe: Mr. Chairman—

[Mr. Harkness.]

Mr. Lesage: May I just finish my reply? The hon. member for Calgary North also mentioned the possible development of the rapids between Fort Fitzgerald and Fort Smith on the Slave river. As he says, there is a hydro power potential there of a little over a quarter of a million horsepower. This might be useful in the future for mineral development, especially on the south shores of Great Slave lake, including the Pine Point site. Of course, according to the amendments that will be introduced, the commission would have the power to develop this potential according to the laws of the province and with the permission of the province of Alberta.

As the hon. member stated, this power could really be developed only to supply the Northwest Territories. This would not be a source of power for Alberta, because the transmission lines would be too long; it would really be a source of power for the Northwest Territories. It might well be that private enterprise would become interested in developing it. Since the commission does not operate a monopoly, the development might become a reality without the commission having to develop the site itself. But according to the amendments which are proposed, it would have the power to do it, with the necessary licensing from the province.

I believe those were all of the questions asked by the hon. member for Calgary North.

Mr. Harkness: Yes.

Mr. Leboe: I have just two questions. I should like to know whether the power commission is subsidized. Does it pay its own way with the revenue that comes in? I should also like to know what would be the relationship, for instance, with a power development in northern British Columbia such as Frobisher. Would there be any possibility of joint action in any way in connection with power development?

Mr. Lesage: The power commission is not subsidized except to the extent that we might seek parliamentary appropriations for these surveys for sites which are not developed because the result of the survey is negative. As to the second question, this Frobisher project is a private enterprise project and there has never been any question of it having any kind of relationship with the Northwest Territories Power Commission.

Mr. Green: The Frobisher plan envisaged the production of a great deal of hydroelectric power, far more than would be used for mining purposes in the Yukon. Apparently that plan has now been stalled. I wonder whether the minister could tell the committee

what the present situation is and, in particular, whether there are now any international complications; in other words, can he tell us whether the development is held up pending some arrangement with the United States about the use of the Yukon river? My understanding was that this scheme involved the large area which comprises the headwaters of the Yukon river not only in the Yukon but also in British Columbia. Evidently there has been some hitch in the development. It would be helpful if the minister could tell us what is the situation.

Another point is this. Has any thought been given to the use of atomic power plants in northern Canada? The minister mentioned that some of these plants are producing power from coal. We have read in the press about the possibility of using atomic energy plants in that particular part of the nation. I wonder if the minister could tell us whether this power commission has the authority itself to instal atomic energy power plants, and whether the minister considers that they will be feasible in that territory?

Mr. Lesage: In reply to the second question, according to my information the possibility of using atomic energy plants for generating electricity is under constant study, but the cost of such installations is so high at the present time that they could not compete with other forms of power for generating electricity.

Mr. Green: Even in northern Canada?

Mr. Lesage: Even in northern Canada, at least where the commission is operating. That is the answer. The commission can supply electricity, even in Aklavik, by the use of coal and oil much cheaper than it can by using atomic energy plants. We hope, of course, that atomic energy will be cheaper in the coming years so we can use it for developing electric power.

In so far as the Frobisher plan is concerned, it has not been shelved. Surveys will be conducted this summer. A note just came to my desk a few moments ago concerning this subject. It says that drilling operations are now proposed at the Miles canyon dam site, the tunnel invert sites at the end of Atlin lake and at Sloko lake and also at the site of the tunnel outfall of Nakonake valley as well as at the power house site and diversion dam site. All those surveys are going to proceed this year in connection with the Frobisher project which involves the diversion of the headwaters of the Yukon river.

Mr. Green: Are the Frobisher people giving consideration to establishing any smaller plants in the Yukon in the meantime?

Mr. Lesage: Not in the Yukon, but they are going on with the Naas river project, as the hon. member is aware, in British Columbia. Of course, even the construction phase of the Frobisher plan will take a number of years, but the needs of Whitehorse for additional power are immediate. It is for that reason the power commission is making these surveys, in order to start the development of a hydro plant north of Whitehorse as early as possible this summer. This, of course, could easily be co-ordinated with any development of the Frobisher project which would affect Whitehorse in later years.

Resolution reported and concurred in.

Mr. Lesage thereupon moved for leave to introduce Bill No. 250, to amend the Northwest Territories Power Commission Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall take the resolution in my name and the resolution in the name of the Minister of Mines and Technical Surveys; then the resolution with respect to additional judges; then second reading of the St. Lawrence Seaway Authority Act and second reading of the National Housing Act.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PROHIBITED BOOKS

Question No. 337—**Mr. Boisvert:**

What were the countries of origin of the 140 books which were prohibited entry into Canada, in 1955, under tariff item 1201, on account of their immorality or indecency?

Answer by: **Hon. J. J. McCann (Minister of National Revenue):**

Country of Origin	No.
United States of America	68
France	68
India	3
Germany	1
	140

L. CHATWIN, NATIONAL FILM BOARD

Question No. 412—**Mr. Diefenbaker:**

1. Is Mr. L. Chatwin connected with the film board?
2. If so, in what capacity?
3. Is he now on tour?
4. If so, in what country is he at this date?
5. What other countries has he visited within the past six months?
6. What are the amounts of his travelling allowances and expense accounts, month by month, since August 1, 1955?

Answer by: **Hon. J. W. Pickersgill (Minister of Citizenship and Immigration):**

1. Yes.
2. Director of distribution.
3. Yes.
4. Manila, Philippines.
5. United States, England, Pakistan, India, Ceylon, Burma, Thailand, Indonesia, Singapore, Malaya, Indo-China, Philippines.
6. No travelling allowances; expense accounts, August $63.65, September $23.95, October $17.94, November $157.80, December none, January $142.51, February accounts not received, March accounts not received, April to date accounts not received.

In January, 1956, Mr. Chatwin was provided with an advance in the amount of $1,750 for his trip to Asia and transportation payments have been made in the amount of $1,638.60.

END OF VOLUME III